

Handwritten text at the top of the page.

Asia	Europe	Asia	Europe	Asia	Europe
Japan	Germany	Japan	Germany	Japan	Germany
...

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

Wednesday June 27 1990

GATT

Time for a new trade forum?

Page 4

£ D 8523A

FT No. 31,184

© THE FINANCIAL TIMES LIMITED 1990

World News

Soviet party may postpone congress to avoid split

The bitterly-divided leadership of the Soviet Communist Party was yesterday contemplating postponement of next week's crucial party congress, in a desperate effort to avoid the final break-up of the party.

Meanwhile, Foreign Minister Eduard Shevardnadze rounded on critics of Soviet foreign policy, saying it was "high time to understand that neither socialism, nor friendship, nor good neighbourliness, nor respect, can rest on bayonets, tanks or blood."

Share dealing probe
City of London regulators are investigating allegations that Dunstable Securities, an investment group which collapsed earlier this month, was the centre of an illegal share-dealing ring.

Settlers accord
Finance Minister Yitzhak Mordechai said Israel would comply with a Soviet demand not to settle an influx of Jewish immigrants in occupied Arab lands. Israel plans crash homes programme.

Korean unity
North Korea has agreed to resume talks with South Korea next week, on eventual reunification of the two countries, said a South Korean official.

Curfew in Zambia
The Zambian Government, struggling to quell food riots raging in Lusaka, imposed a nightly curfew as the death toll from two days of disturbances rose to 10.

Student leader lives
Romanian student leader Marian Munteanu, feared dead after being arrested, appeared on television, in an interview from a penitentiary hospital near Bucharest.

US oil limits
The US placed the coast of south-west Florida and most of the California coast off-limits to oil and gas leasing and development until after the year 2000.

Workers protest
Hundreds of female factory workers in Seoul were dragged away by police after they staged a street protest against union-busting practices.

Extremist arrested
Israeli police arrested the suspected leader of a shadowy Schari group of Jewish zealots responsible for attacks and threats against peace activists.

Dissident arrives
Dissident Chinese scientist Fang Lihai arrived in Britain after leaving the American embassy in Peking where he had sheltered since the Tiananmen Square crackdown last year.

Lebanese hope
Lebanese Prime Minister Selim Hoss said defiant Christian military leader Michel Aoun could be close to recognising the country's Syrian-backed Government.

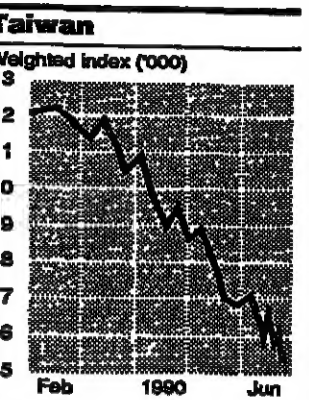
Canadian gun law
Canada introduced tough new gun-control legislation promised after a gunman massacred 14 women at a Montreal university last December.

Removal of weapons
US forces began packing chemical weapons into steel containers ready for their complete removal from West Germany.

Business Summary

GM considers producing car parts at Czech plants

General Motors of the US is carrying out a feasibility study into the making of transmissions in Czechoslovakia as part of its ambitious move into eastern Europe.



weighted index dropped 274.43, to 5,294.12, its lowest level since January 1989. Back Page, Section II.

US entrepreneur Donald Trump narrowly averted bankruptcy when seven leading bank creditors decided to go ahead with an emergency \$300m 30-day bridge loan that allowed him to make an interest payment on one of his casino junk bonds.

DRESDNER Bank of West Germany plans to open 100 branches across East Germany.

INTERNATIONAL Lease Finance Corporation, the second largest aircraft lessor in the world, has agreed to be acquired by American International Group, the US insurance and financial services company.

BEAZLI announced a sweeping but gradual reduction in import tariffs as part of a move to cut regulations and open trade barriers.

MAXWELL Communications has decided to withdraw from publishing businesses dependent on advertising revenue.

MOTOROLA and Hitachi have reached a tentative settlement of an 18-month patent dispute which threatened to disrupt supplies of vital semiconductor chips to US computer manufacturers.

ARGENTINA is set to carry out Latin America's single largest debt-equity swap through the sale of 80 per cent of Enitel, the nationalised telecommunications company, to Telefonos de Spain and Bell Atlantic of the US.

DAI-ICHI Mutual Life Insurance, Japan's second largest life insurance company, is to pay some \$122m for a 5.6 per cent stake in the Indiana-based Lincoln National.

CREDIT SUISSE has acquired 80 per cent of BEA Associates of New York which manages a portfolio of almost \$100m of assets.

JAPANESE government advisory body has reiterated its demands for bringing down barriers between different types of financial institutions.

SGS-Thomson (ST), the Franco-Italian semiconductor group, has asked the European Commission to act against a sharp fall in prices of one of its memory chips.

EUROPEAN Community has formally tabled its ideas for converting Gatt into a permanent institution, the Multilateral Trade Organisation (MTO), alongside the International Monetary Fund and the World Bank.

CITIBANK won its long fight to link its branches in Japan to the on-line cash dispenser network of the top Japanese banks.

Bush abandons tax pledge after talks with Congress

By Peter Riddell, US Editor, in Washington



George Bush: pledge dropped

PRESIDENT George Bush yesterday opened the way for a budget deal with the Democratic-run Congress by dropping the often repeated "no new taxes" pledge of his 1988 election campaign.

The Administration admitted that the deficit for fiscal 1991, starting this October, is likely to be much higher than previously expected, reaching \$189bn even before allowing for the costs of the savings and loan rescue.

Representatives, argued that Mr Bush, in publicly recognising that an effective approach to deficit reduction must include tax increases as well as spending reductions and reform of the budget process, was "reflecting a consensus that already exists in many economic quarters."

Consequently, the emphasis is likely to be on expanding the generally small scale tax changes and user fees for specific government services, assumed in last January's budget to provide an additional \$19bn in revenue.

US financial markets rose sharply after President Bush's statement, but both Treasury bonds and shares later came off their initial highs. The Treasury's benchmark long bond was quoted 1/2 point higher at mid-session to yield 8.51 per cent.

Conference divided on speed of steps to save ozone layer

By John Hunt, Environment Correspondent, in London

BROAD disagreements over measures to prevent the destruction of the ozone layer of the earth's atmosphere faced environment ministers from nearly 100 countries who met in London today.

These are known as AFEAS, for Alternative Fluorocarbons Environmental Acceptability Study, and PaF, for Program for Alternative Fluorocarbon Toxicity Testing.

2000, the date proposed by Dr Mostafa Tolba, director of United Nations Environment Programme. The European Community has said it is prepared to move to an earlier phase-out date than 2000 but has not yet specified precisely when.

The ministers had been expected to reach an accord on proposals to tighten the Montreal Protocol, which lays down the timetable for reducing and eventually ceasing the production and use of ozone-damaging chemicals.

"We've pooled our resources so that we are able to reduce the time scale needed to safely introduce" CFC alternatives, Mr Joachim von Schweinichen, director of PaF, told a news conference in London.

Scientists at yesterday's London news conference said many CFC alternatives could not possibly be ready until the mid- or late-1990s and that CFCs could not be eliminated before 2000.

But officials from more than 65 countries, who have been meeting in London since last week to prepare for today's conference, have failed to agree over the speed for the phasing out of chlorofluorocarbons (CFCs), the substances which deplete the ozone layer and allow an increase in damaging ultraviolet radiation to reach the earth's surface.

Mr Joe Farman, of the British Antarctic Survey - who discovered the hole in the Antarctic ozone layer - warned yesterday that the proposals before the conference would lead to a depletion of up to 10 per cent in the stratospheric ozone layer in the northern hemisphere and even higher levels of thinning in the southern hemisphere.

Negotiating officials also remained divided over conditions laid down by the US for the establishment of the international fund.

Agreement is still to be reached also on the mechanism for administering an international fund to help developing countries introduce alternatives to CFCs.

Separately, 18 chemical companies said yesterday that they had jointly invested \$60m to test alternatives to ozone-depleting chemicals. Du Pont of the US, Imperial Chemical Industries of the UK, and West Germany's Hoechst were among the companies forming two consortia to explore the development of alternatives.

The fund is proposed at \$240m over three years. The largest constant affected, such as India and China, would be entitled to \$40m each if they signed the protocol.

Although the planned products differ substantially, the Chicago contract's creators believe they have a unique opportunity to establish a global link.

"The insurance markets represent a huge financial sector that currently has very limited ways by which to manage its considerable risk," stressed Mr Karsten Mahlmann, chairman of the CBOT.

The exchange believes its contracts will enable the risk that insurers and reinsurers face which will result in lower insurance costs for individual policy holders.

Many exchanges have tried to create a futures contract based on the global insurance market, but have run into difficulties over the lack of standardisation of insurance policies.

The CBOT which revealed details of its contracts yesterday, says it has solved this problem by creating a basket of policies. Buyers of a futures contract will receive a certificate which can be redeemed for net premium earned or lost after four months.

The working group in London has not yet disclosed much detail about its contract plans and is still negotiating with the city's exchanges on trading the contract.

Chicago trade board to meet UK brokers on global insurance futures

By Deborah Hargreaves in London

THE Chicago Board of Trade is meeting representatives from leading London insurance brokers today to discuss co-operation on a global insurance futures product.

The CBOT's announcement last month that it had developed an insurance futures contract sparked interest in London and prompted a group of UK brokers to reveal their own plans for a contract.

The exchange believes its contracts will enable the risk that insurers and reinsurers face which will result in lower insurance costs for individual policy holders.

Although the planned products differ substantially, the Chicago contract's creators believe they have a unique opportunity to establish a global link.

"The insurance markets represent a huge financial sector that currently has very limited ways by which to manage its considerable risk," stressed Mr Karsten Mahlmann, chairman of the CBOT.

The exchange believes its contracts will enable the risk that insurers and reinsurers face which will result in lower insurance costs for individual policy holders.

Many exchanges have tried to create a futures contract based on the global insurance market, but have run into difficulties over the lack of standardisation of insurance policies.

The CBOT which revealed details of its contracts yesterday, says it has solved this problem by creating a basket of policies. Buyers of a futures contract will receive a certificate which can be redeemed for net premium earned or lost after four months.

The working group in London has not yet disclosed much detail about its contract plans and is still negotiating with the city's exchanges on trading the contract.

Although the planned products differ substantially, the Chicago contract's creators believe they have a unique opportunity to establish a global link.

"The insurance markets represent a huge financial sector that currently has very limited ways by which to manage its considerable risk," stressed Mr Karsten Mahlmann, chairman of the CBOT.

The exchange believes its contracts will enable the risk that insurers and reinsurers face which will result in lower insurance costs for individual policy holders.

Many exchanges have tried to create a futures contract based on the global insurance market, but have run into difficulties over the lack of standardisation of insurance policies.

The CBOT which revealed details of its contracts yesterday, says it has solved this problem by creating a basket of policies. Buyers of a futures contract will receive a certificate which can be redeemed for net premium earned or lost after four months.

The working group in London has not yet disclosed much detail about its contract plans and is still negotiating with the city's exchanges on trading the contract.

CONTENTS

East Germany: Aiming lower in electronics ...	3
Dominican Republic: Poll fails to deliver clear cut victory ...	5
Zambian: Unrest against one-party state finds wide support ...	6
Brazil: A far from level playing field ...	12
Editorial Comment: Scrutiny of nuclear power: Softer tones in Dublin ...	12
Corporate governance: An end to hostile takeovers and short-termism ...	13
Ozone Layer: Race to replace CFCs ...	14
Europe ...	23
Companies ...	23
Artists ...	23
FT Law Report ...	25
Commodities ...	25
Crossword ...	25
Currencies & money ...	25

Good monsoons bring years of plenty for corporate India



As V.P. Singh's government inches one of the world's most regulated economies towards liberalisation, India's industrialists already have plenty to smile about.

MARKETS

STERLING	DOLLAR	STOCK INDICES
New York: \$1.7423 (1.731)	New York: 1.8630 (1.8775)	FT-SE 100: 2,399.8 (+1.3)
London: \$1.7325 (1.7305)	FFr.651 (5.6305)	FT Ordinary: 1,928.6 (-2.8)
DM2.90 (2.9025)	FFr.1405 (1.4105)	FT-A All-Share: 1,180.10 (+0.1%)
FFr.7325 (7.7475)	Y154.87 (155.355)	New York futures: DJ Ind. Av. 2,852.23 (+7.18)
SFr.244 (2.44)	DM1.5715 (1.578)	S&P Comp 353.08 (+0.78)
Y289.25 (289.75)	FFr.6075 (5.6325)	Tokyo: Nikkei 31,571.77 (447.58)
£ index 91.5 (91.2)	SFr.1405 (1.4095)	US bond futures: 3-month Treasury Bill: closing 147 1/2 (147 1/2)
GOLD	Y155.15 (155.35)	Life long gift future: Sep 85 12 (8532)
New York: 353.0 (352.2)	£ index 91.4 (91.2)	
London: 349.75 (353.5)	Tokyo close: Y155.25	
IN BSE ON (Argus)		
Brent 15-day Aug \$16.075 (16.2)		
Chief price changes yesterday: Page 15		

SHORE CAPITAL STOCKBROKERS

has changed its name from Puma Securities

- * 5 years' uninterrupted profitable growth.
- * one of the best financed smaller brokers.
- * track record built by innovation and expertise.
- * first class service for professional private, corporate and institutional clients.

We are continuing to expand!

If you want to know how we do it contact

HOWARD SHORE
SHORE CAPITAL STOCKBROKERS LTD
ONE MADDOX STREET LONDON W1R 9WA
TELEPHONE 071-734 7292 FAX 071-734 7623

MEMBER OF THE INTERNATIONAL STOCK EXCHANGE AND THE SECURITIES ASSOCIATION

EUROPEAN NEWS

EC ponders how best to help prop up the Soviet economy

By David Buchan in Dublin

THE EUROPEAN Community has launched itself into what could be its most ambitious and sensitive foreign policy initiative ever, providing an external buttress to the Soviet economy and President Mikhail Gorbachev's political reforms.

But EC leaders were in some disarray yesterday over whether they would or should send a united Community position on Soviet aid to the forthcoming western economic summit in Houston. Another question was over how automatically new Commission studies would translate into a firm EC aid plan for Moscow by this winter.

After what Mr Charles Haughey

called "a substantive and robust" discussion of Soviet aid late on Monday night, EC leaders instructed the Commission, their executive body, to "prepare urgently proposals covering short-term credits and longer-term support for structural reform" of the Soviet economy.

The reasons for the urgency surrounding the issue became clearer yesterday with the revelation that Chancellor Helmut Kohl had written to his summit colleagues before Dublin to tell them that "President Gorbachev has requested a short-term credit from German banks, in which the Federal Government would act as guarantor".

Mr Kohl said that the German credit should be "a starting point" for wider western action.

Least any of his EC partners be in doubt of the German stance in this, Mr Kohl went on to say: "In this connection, I would advise the Soviet Union for its part to adopt a constructive approach to questions arising along the path to German unity", particularly to pan-Germany's position in Nato.

Hence the mention of short-term credit in yesterday's communiqué, despite the deep reservations which Mrs Margaret Thatcher expressed in Dublin and President George Bush is likely to voice in Houston about throwing money into a bottomless

Soviet pit.

President François Mitterrand said he expected Mrs Thatcher to return to the attack in Houston, with US backing. He and Mr Jacques Delors, the Commission president, conceded that, without the US, the \$15bn western aid package mentioned by Mr Kohl was unlikely.

While clearly not wanting Bonn to be left alone to "buy" East Germany's incorporation into Nato - a deal that the Chancellor was unwise enough to clarify in writing - Mr Delors stressed that it was "not by pumping money into the Soviet Union that the task of modernising its economy will be solved".

He rejected the idea that short-term credit might dull Soviet desire to persist with proper reform, but highlighted that the real problem was not short-term Soviet bankruptcy but "integrating the Soviet Union into the world economy". The new Dutch plan for an east-west European energy community could figure here, he said.

Regardless of the outcome at the Houston meeting, which he will attend, Mr Delors said he would carry on with his Soviet aid studies. By drawing on various international organisations and by visiting Moscow for the first time next month, Mr Delors hopes to come up

with proposals by October. Italy, which takes over the EC presidency this weekend, plans a special summit that month. Mrs Thatcher implied there was nothing automatic about such EC proposals, which would have to win governments' approval. But Mr Mitterrand said the aid plans could go through on a majority vote, in other words, in the face of UK opposition.

To the extent that aid came from the EC budget, as distinct from EC or government-guaranteed loans raised on the capital markets, the planned 1991 EC budget could be increased later this year, Commission officials said.

Bulgaria asks to halt most debt payments

By Stephen Fidler, Euromarkets Correspondent

BULGARIA'S Foreign Trade Bank has requested a three-month suspension on payments of its medium and long-term debt to banks.

The Foreign Trade Bank, responsible for 90 per cent of Bulgaria's more than \$10bn debt, began a freeze of principal repayments in March. Beginning June 30, until at least September 29, it intends also to cease interest payments.

The request is essentially to give the bank and its leading bank lenders, led by Deutsche Bank, time to work out a more comprehensive arrangement to reduce its debt service bill over a longer period.

Lenders were formally informed of the request by telex yesterday. Though technically a request, bankers say there is nothing they can do to block the Bulgarians from putting the moratorium into effect.

The country's bank advisory committee is expected to meet in London in mid-July, where it will discuss details of a report from bank economists said to present a bleak picture of Bulgaria's economic outlook. Bulgarian Prime Minister Mr Andrei Lukin was quoted last week as saying that Bulgaria is seeking to postpone repayments of principal on the debt until 1993.

Greece says EC support is imminent

By Kieran Cooke in Dublin and Karin Hope in Athens

MR Constantine Mitsotakis, Greek Prime Minister, came away from the EC summit satisfied that Community colleagues had given unanimous backing to a programme to help Greece out of serious economic difficulties.

Greek officials say the meeting agreed the EC would guarantee up to \$200m of market borrowings by Greece in the future. The EC will use the funds as matching finance for more than \$200m (\$2.6bn) it is to receive from Brussels for regional infrastructure projects.

"I'm very pleased that the Community has shown solidarity to a member state facing serious economic problems," said Mr Mitsotakis. Greece, heading for a record budget deficit and with inflation running at more than 20 per cent, desperately needs a substantial injection of funds.

But the EC is believed to have laid down strict conditions for the spending of Brussels money. Earlier this year Mr Jacques Delors, Commission president, criticised the government for failing to keep the terms of a 1985 emergency Community loan.

Mr Delors warned that the future of Greece in a unified Europe would be at risk if Athens did not put its house in order. But it made it clear the Commission would keep a close watch on Greece's economic reform programme.

Moscow 'not ready' for big western loans

By Quentin Peel in Moscow

THE Soviet Union has no programme ready to absorb a large injection of foreign credit as proposed by France and West Germany at the summit, and top Soviet advisers remain divided on whether massive foreign borrowing is wise.

"It is premature to speak about that," Mr Gennadiy Gerasimov, the Foreign Ministry spokesman, said yesterday. "If in the future we do speak about a major programme of loans coming from the west, then of course there should be a specific programme for the creative use of such credits, so that we won't simply use one programme to fill in the holes in other programmes."

Although leading Soviet economists, including Professor Nikolai Petrakov, President Mikhail Gorbachev's personal economic adviser, and Academician Stanislav Shatalin, a member of the presidential council, recognise that transformation of the Soviet economy to a market system will be impossible without large-scale foreign borrowing, many also believe that the economy is not ready for such an injection yet.

The fundamental institutional reforms of the centrally-planned system have only just begun to be contemplated, and market-oriented economists fear that large-scale foreign credit could delay

the reform process.

At the same time, they believe that foreign credits will be essential in the medium term to put goods into Soviet stores and provide some incentive for Soviet workers to work harder for higher wages.

Mr Gerasimov yesterday pointed to the trade payments delays of recent months, which have severely dented the Soviet Union's credit rating in the international banking community. "Our perfect reputation in foreign markets has been undermined," he said.

With the total of the payments backlog officially admitted at \$2bn, "in the first place we will have to use loans to

meet these debts." In the longer term, he said, foreign loans could make certain contributions "to stabilising the country's financial situation."

Mr Gerasimov underlined the continuing doubts in the administration at the advisability of large-scale borrowing.

Nevertheless, the Soviet spokesman praised the West German Government for guaranteeing a loan of DM5bn (\$1.75bn), without strings attached, which could be used to ease the current payments crisis. "It is essentially a financial deal without any political conditions attached which, in our view, testifies to trust in the Soviet Union."



An Irish farewell: Charles Haughey ends his spell as president of the European Council of Ministers surrounded by fellow leaders, from left, Giulio Andreotti of Italy, François Mitterrand of France, and Margaret Thatcher of Britain. Behind them are their foreign ministers.

Olive branch held out on S Africa sanctions

By Philip Stephens, Political Editor

THE European Community yesterday took a significant step towards a progressive easing of sanctions against South Africa.

At the end of their Dublin summit, however, the leaders of the 12 rejected a British call for a complete end to the Community-wide lifting of the voluntary embargo on investment and of the ban on imports of iron and steel and kriggers.

The leaders' final declaration held out a clear olive branch to President F W de Klerk in the form of a commitment that they would "consider a gradual relaxation of the pressure when there is clear evidence

that the process of change already initiated continues."

The implication was that further moves by the South African Government in releasing political prisoners and dismantling the remaining legal framework supporting apartheid would be followed by a speedy relaxation of sanctions.

Mr Charles Haughey, the Irish Prime Minister and one of the strongest opponents within the Community of a precipitate move towards an early easing of sanctions, said that the leaders had not drawn up a "list" of measures which would lead to a relaxation. His stance was backed by Denmark, but

both Portugal and Italy supported Britain's position.

He acknowledged, however, that the aim was to give "specific encouragement" to President de Klerk.

Mrs Margaret Thatcher, the British Prime Minister, voiced disappointment that she had been unable to secure agreement for an immediate lifting of some of the measures.

She expressed satisfaction, however, that the principle of a gradual relaxation had been accepted. She pointed out that Italy had already lifted its investment ban and that trade between South Africa and European nations was increasing.

"I am sure that in practice restrictions on South Africa will continue to be eased," she said. The formal lifting of EC sanctions should follow during the six months of the Italian presidency, with reforms such as the repeal of the Group Areas Act providing the most likely trigger.

Mrs Thatcher also highlighted a section in the declaration calling on all parties in South Africa to "refrain from violence or advocacy of violence". That, she said, amounted to a clear message to the African National Congress to drop its declared support for armed struggle.

Final push towards the single market goal

By David Buchan in Dublin

EC LEADERS yesterday pronounced themselves in favour of one last push up the long single market hill, before they reach the plateau in December with treaty negotiations to rearrange the Community's political and monetary landscape.

With so many geo-political distractions in the air, the Dublin summit communiqué reflected the priorities of those member states, like Britain and the Netherlands, which remain determined to get more free trade inside the single market.

While Mr Jacques Delors, the Commission president, patted the Irish presidency on the back for pushing through some 30 internal market measures, the summit called for rapid progress on:

- Removing obstacles to cross-border stockbroking, insurance and corporate take-

overs, all of key interest to the UK

- Liberalising road transport, as pushed particularly by the Netherlands
- Creating a harmonised system of indirect tax rates and collection, a problem for almost all EC states
- Harmonisation of food, animal and plant health safety standards, a job made no easier by the recent fuss over "mad cow" disease in Britain.

Daunting though these self-appointed tasks are, the decks may be surprisingly clear of other business this autumn. The summit communiqué clearly conveyed the feeling of all EC leaders that preparations for monetary and political union have now reached the stage where the issues can only be settled by the two treaty-revising conferences, now to start in Rome on December 13-14.

Even Mrs Margaret Thatcher, the great player for time, said yesterday that "if you look at the discussions that have taken place in various EC councils, you see that full preparation has taken place". A year ago she had written the phrase "full and adequate preparation" into the Madrid summit communiqué as the condition for monetary union talks starting; yesterday she conceded the condition fulfilled.

All that EC leaders have now asked their finance and foreign ministers to do in the next six months is to ensure that negotiations on both monetary and political union can begin "on a concrete basis as soon as the conference opens". That hardly looks like an invitation to leisurely in-depth study of the British counter-proposals for monetary convergence around a parallel Ecu currency.



Mr Jacques Delors, the Commission president, praised the Irish presidency for pushing through some 30 internal market measures.

Yeltsin plans multi-party forum

By Leyla Souflon in Moscow

MR BORIS Yeltsin, the president of the Russian Federation, said yesterday that he planned to form a multi-party government that would include Mr Gavril Popov and Mr Anatoly Sobchak, the radical mayors of Moscow and Leningrad, respectively.

"There will be representatives of other parties, not just one but several," he said. He also said that he would propose to the Kremlin that his intended economic and monetary reforms for Russia be extended to other republics to avoid disruption in the country at large.

"If our reforms are accepted, the Russian will pull other republics in its wake under a single currency. If they are not accepted, then Russia will have to create its own monetary system, which will enormously increase difficulties within the country."

● The Soviet Union denied yesterday that it was removing nuclear weapons from the Baltic republics and other sensitive regions. Rather reports from Moscow.

"There is no need to move Soviet army units with nuclear

weapons over Soviet territory," Gennadiy Gerasimov, the Foreign Ministry spokesman, quoted a Defence Ministry statement as saying.

"Therefore there are no changes being made in the stationing of these units."

The agency quoted Nato sources last week as saying that nuclear weapons were being moved from the three Soviet Baltic republics, which have all declared their intention to secede, and from troubled Transcaucasia and eastern Europe.

France may raise statutory minimum wage by 2.5%

William Dawkins in Paris

THE FRENCH Government will decide today on plans to boost the statutory minimum wage by 2.5 per cent, an important part of President François Mitterrand's new campaign to reduce inequalities.

Mr Jean-Pierre Soisson, the Labour Minister, yesterday proposed the six-monthly increase (at the upper end of most observers' expectations) agreed at the end of an annual negotiation with employers and unions.

A boost for the statutory minimum, earned by 1.6m workers, will affect wage claims up the scale. The figure is due to be ratified at a cabinet meeting today, which is unlikely to change

more than a fraction of a percentage point.

This means the minimum wage, known as the *salaires minimum interprofessionnel de croissance* (Smic), should rise from FF5,156 (£543.73) per month to FF5,285 (£558.73) from July 1, though this is well below the figure sought by the Communist-led CGT union, which yesterday staged a demonstration outside the Labour Ministry.

Added to the 2 per cent rise already awarded in April, this would bring this year's rise in the Smic to 4.5 per cent, well above the current 3 per cent annual inflation rate and ahead of last year's 4 per cent increase in the Smic.

The Financial Times (Europe) Ltd. Published by the Financial Times (Europe) Ltd., Frankfurt Branch, (Gruhlstrasse 54, 6000 Frankfurt-am-Main 1; Telephone 069-7990; Fax 069-722577; Telex 416193) represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, R.A.P. McCann, G.T.S. Demer, A.C. Miller, D.E.P. Palmer, London. Printer: Frankfurt/Seidenstrasse-Druckerei-GmbH, Frankfurt/Main. Responsible editor: Sir Geoffrey Owen, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1990.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial Times Limited. Publishing director: B. Hughes, 168 Rue de Rivoli, 75004 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Sir Geoffrey Owen. Printer: SA Nord-Eclair, 15/21 Rue de Clichy, 75001 Paris Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67806D.

Financial Times (Scandinavia) Ostergade 44, DK-1100 Copenhagen-K. Denmark. Telephone (01) 13 44 41. Fax (01) 935335.

SVENSKA SELECTION FUND

société d'investissement à capital variable
registered office: 146, boulevard de la Pétrée
Luxembourg

R.C. Luxembourg B - 22.175

NOTICE TO SHAREHOLDERS

- The Board of Directors has decided to vary the investment objective of the former SVENSKA SELECTION FUND - ASIA class of shares, so as to limit its investments to Hong Kong, Singapore, Malaysia and all other countries of the Pacific Basin, Japan, and to remove such sub-fund as from the Effective Date to be below, as follows: SVENSKA SELECTION FUND - PACIFIC.
- The Board has also decided to create a new class of shares to be known as SVENSKA SELECTION FUND - JAPAN, the investment objective of which shall be capital appreciation through continuous management of a diversified portfolio of transferable securities, consisting primarily of common stocks of issuers in Japan; the new sub-fund they however, depending on their comparative effectiveness, also invest in fixed-income securities denominated in US, dollar or Yen or any other currency of a Member State of the OECD and may hold auxiliary liquid assets.
- It is contemplated that the former SVENSKA SELECTION FUND - ASIA will transfer those of its assets presently invested in Japan to the new class of SVENSKA SELECTION FUND - JAPAN, on the basis of their net asset value as of 30th June, 1990 (the "Effective Date") and by a Luxembourg independent auditor, against the allocation (on the basis of 1 new share of SVENSKA SELECTION FUND - JAPAN to the holders of each share in the present SVENSKA SELECTION FUND - ASIA, to be renamed SVENSKA SELECTION FUND - PACIFIC.
- A revised admission will be available and can be obtained from the Effective Date at the registered office of the Company from its Transfer Agent SVENSKA HANDELSBANKEN S.A., 146, boulevard de la Pétrée, L-2250 Luxembourg.
- The holders of shares constituting the former SVENSKA SELECTION FUND - ASIA class of shares are invited to present their certificates from August 1, 1990 to the Transfer Agent, so that the change of denomination into SVENSKA SELECTION FUND - PACIFIC may be effected thereon.
- Application has been made to list the shares of the new class as from the Effective Date on the Luxembourg Stock Exchange.
- The holders of bearer share-certificates of the former class shall be entitled as from the Effective Date to elect for each old share of the former "Asia" class one share of the new "Japan" class upon affixing the new denomination of the "Pacific" class to the present share-certificates relating to SVENSKA SELECTION FUND - ASIA.

The board of directors

PHARMA VISION 2000 LTD
COTO - CASH or TITLE OPTION - 1990

Following an application made by the Board of Directors, the Ordinary Annual General Meeting of shareholders of PHARMA VISION 2000 LTD, Glarus, held on June 25, 1990, agreed to issue of 400 000 «COTO» I and 450 000 «COTO» N and inter alia, passed the following resolution:

Increase of the share capital from Sfr. 250 000 000 to Sfr. 259 000 000 by issue of
14 760 new bearer shares, par value Sfr. 500
with Coupons No. 2 and ff.

and
16 200 new registered shares, par value Sfr. 100

The shareholders subscription rights remain intact, with the exception of a small residue of 117 bearer shares and 128 registered shares. The new shares are pledged for the option included in «COTO» for the subscription of new bearer and registered shares.

The bearer and registered shares subscribed for are entitled to all dividends payable after subscription.

Allocation

Each bearer share with a par value of Sfr. 500 receives 1 «COTO» I on June 27, 1990.

Each registered share with a par value of Sfr. 100 receives 1 «COTO» N on June 27, 1990.

«COTO» I is represented by coupons No. 1 from bearer shares.

«COTO» N is represented by a «COTO» certificate from registered shares.

The «COTO» certificates are sent to the registered shareholders by the company.

Shareholders who have deposited their shares with a bank do not have to undertake anything; the custodian bank will credit the shareholders with the «COTO» to which they are entitled.

Shareholders who keep their shares personally or in a bank safe must produce «COTO» coupons No. 1 or the «COTO» certificate when making use of «COTO».

June 27, 1990 to February 7, 1991
Bearer shares as of June 27, 1990 ex coupons No. 1.

Application for admission of «COTO» I for trading at the «Vorbörse», prior to the official dealing hours, of the Stock Exchanges of Zurich, Basle and Geneva has been made.

Option

1. Subscription of new shares

Subscription right 28 «COTO» I entitle to subscribe for one bearer share of PHARMA VISION 2000 LTD with a par value of Sfr. 500.

Subscription price Sfr. 500.- per bearer share with a nominal value of Sfr. 500.

Sfr. 100.- per registered share with a nominal value of Sfr. 100.

The Swiss issuing duty is borne by the company.

Dividend rights The shares subscribed for are entitled to all dividends payable after subscription.

2. Sales on the Stock Exchange

«COTO» I can be sold at any time during the term of «COTO» I on the «Vorbörse» of the Stock Exchanges of Zurich, Basle and Geneva free of withholding tax. The commission rates of the banks are applied.

3. Cash payment

Sfr. 50.- per «COTO» I, represented by coupons No. 1 from bearer share, less 35% withholding tax, thus Sfr. 32.50 net

Sfr. 10.- per «COTO» N, represented by «COTO» certificate of registered shares, less 35% withholding tax, thus Sfr. 6.50 net

The COTOS can be exercised or encashed free of charges at the banks listed below.

The detailed prospectus is available at all Swiss branches of the following banks:

Handelsbank NatWest
Basler Kantonalbank
Hentsch & Cie.
Zurich, June 27, 1990
Glarner Kantonalbank
Swiss Volksbank
PHARMA VISION 2000 LTD

Security numbers:
COTO 1990 218.727
Bearer Shares 218.722

Handwritten signature or stamp at the bottom of the page.

EUROPEAN NEWS

Irish help keep alight a fading business

By Kieran Cooke in Dublin

MASTER CHANDLER Bobby Leppa has had his hands full preparing for this week's Dublin summit. He works at Rathbornes candle factory down near the docks in the Irish capital and was given a special order for this week's European Community banquet hosted by Mr Charles Haughey, the Irish Prime Minister.

"A good candle should be like an onion," says Mr Leppa. "Cut it and there should be layer upon layer of wax gathered round the wick." Rathbornes, founded in 1855, boasts of being the oldest candle manufacturer in continuous existence in Europe. It also lays claim to being by far the oldest company in Ireland.

Once thousands of people would have been involved in the candle-making business, grouped in such guilds as the Tallow Chandlers, Soap Boilers and Wax Light Makers. But Mr Leppa is a craftsman fighting a losing battle against machines and a declining market for his specialised goods. Newly-installed West German-built machines spit out hundreds of candles an hour.

Mr Leppa, who has worked for the company for more than 40 years, fashions the larger

BAe faces demand to repay £44m in Rover subsidies

By Lucy Kellaway in Brussels

THE European Commission is today likely to demand that British Aerospace repay £44m in illegal government subsidies received when it bought the Rover car company in 1988.

Such a decision would be a victory for Sir Leon Brittan, the competition Commissioner, who has faced hostility from his colleagues over what was initially seen as a soft demand. Some had felt that BAE was being given gentler treatment than that given recently to Renault and Alfa Romeo.

The £44m comprises subsidies over and above the £247m permitted at the time of the sell-off. Most of it relates to implied interest on the £150m initial purchase price agreed in August 1988. The Commission has increased from the original £33m total of sweeteners exposed in the National Audit Office report last year.

However, any demand for repayment greater than the

£33m - to which the British Government has already owned up - may spark a further dispute between the two sides, with the UK in theory prepared to test any decision in the European Court.

Sir Leon now appears to have the backing of the Commission for his controversial decision not to pursue the question of the valuation of Rover, which was alleged by the Audit Office to have been too low by up to £250m.

Since the end of last year, the Commission has been picking through the figures to see if an objective criterion for a higher valuation could be established. However, because it was involved in the original pricing decision, it has failed to come up with any objective information, and has decided that any further demand might not stand up in court.

The Commission is also likely to give its blessing to the recent purchase by Honda of a 10 per cent stake in Rover, which some Commissioners argued was in breach of an agreement under which BAE said it would not dispose of any of Rover's core businesses.

East Germany aims lower in electronics

David Goodhart and Guy de Jonquières on the outlook for a backward sector

A SENIOR executive with a West German electronics company says it would be economically sensible, albeit inhumane, to raze the East German electronics industry and start again from scratch.

It is easy to find supporters of this view in West Germany, and even in East Germany. But it is probably too drastic, at least if the definition of electronic is extended to cover electro-mechanical technologies as well.

The more sober conventional wisdom is that at the sophisticated end of electronics, semiconductors etc, East Germany has little chance to compete because - partly thanks to CoCom restrictions - it is technologically backward and in such a capital-intensive sector cannot exploit its lower labour costs.

In consumer electronics and office equipment the outlook is also bleak thanks to aged technology and design, though there may be a few niches, such as electronic typewriters, where East German companies can compete.

The best hope lies in relatively simple electronic components and electrical products, such as machine tools and electric motors, where East Germany should be able to benefit from a workforce well-trained in precision mechanics and from lower labour costs.

According to Mr Alexander Gary, a West German consultant, about half of East German electronic companies, which currently employ about 400,000 people, can survive. But even those that do will have to abandon about a third of their products.

"They will not be competitive in those sectors where there is a dynamic



THE CHALLENGE OF UNITY

product cycle, such as micro-electronics and consumer electronics," he says. Ms Doris Michel, with the Roland Berger consultancy, also points out that in sectors like chips and computers large production runs are needed to be competitive, but in many of these products there is already too much worldwide capacity.

All of this ought to be depressing news to Mr Ralf Hillig, deputy head of VEB Mikroelektronik, the Erfurt-based electronics group which employs about 60,000 people in the most vulnerable sectors of all. But Mr Hillig is almost abnormally optimistic. He likes to recall that before division it was East Germany that housed most of Germany's electrical industry, and speculates on a new silicon valley in Thuringia.

He accepts that survival depends on being taken over by western companies and says he has already had serious

talks with several, including Sharp and Toshiba of Japan and Intel, MIPS and LSI Logic of the US.

Mikroelektronik was at the heart of East Germany's semiconductor industry, which consumed about 30bn East German Marks on R&D in the past decade, of which 15bn Marks went on developing a 1 megabit chip.

Carl Zeiss Jena, which developed the chip, owns a micro-electronics subsidiary employing 3,000 scientists which it is desperate to sell as it retreats to its historic core in optics and measuring instruments. Mikroelektronik was supposed to mass-produce the chip, but never managed it.

"Developing the chip was a purely political decision, and it turned out to be our ruin," admits Mr Hillig. But he claims that his plants are internationally competitive in the more basic areas of micro-electronics and produce about \$600m worth of semiconductors per year. "We can survive in transistors, integrated circuits and applications-specific chips, and we have the east bloc markets (where about 80 per cent of production goes)," he says.

Even Mr Hillig reckons there is no future in power electronics, watch production or colour television picture tubes, and that half his workforce will have to go. His immediate problems include a DM2bn (\$890m) debt burden and the decision by Robotron, his main customer and East Germany's biggest office equipment maker, to cancel most of its orders.

Robotron, which employs about 55,000 people, is another electronics giant with a troubled future. Its personal computers are at least 5-10 years

behind western ones, while its largest mainframe machines are no more powerful than an IBM 36 minicomputer. Several western partners have shown an interest in both areas, and Robotron is desperate to link up with Siemens.

More specialist electronic groups such as Nachrichten Elektronik in telecommunications and Automatisierung Technik in investment goods may have better survival chances as potential beneficiaries of government orders for infrastructural projects.

And the thankfully small consumer electronics sector has at least managed to attract one foreign saviour: the Finnish company Nokia, which is supplying television kits to be assembled by Kombinat Rundfunk und Fernsehen Stassfurt from the end of this month.

Stassfurt plans to make 60,000 sets by the end of this year and aims for monthly production of 50,000 thereafter. Nokia will use Stassfurt's sales network to sell its own sets in East Germany and the rest of east Europe. It is also rumoured that Sharp wants to take over the Stern Radio factory in East Berlin.

Even with foreign help and independent success in a few niches, possibly including software, the electronics industry will shrink dramatically. But as a market for western goods it should take off. "There is more unsatisfied demand in electronics than in any other industry," says Ms Michel.

That may not be such a bad thing for East German employment. Ms Michel thinks the best hope of absorbing redundant electronics workers will be in setting up sales and customer service operations to support western products.

European Diary



Ireland

candles, mostly for use at church services. The process is lengthy and requires considerable skill. Cotton wicks are hung on a circular frame or "dipper", then lowered into a molten mixture of paraffin wax and 25 per cent beeswax. The whole structure might be dipped more than 100 times.

If the wicks are dipped too long or too frequently the wax thickens and does not set. Too short and the 'layers' will be too thin and fracture. Candles of more than four feet in length cannot fit on the 'dipper'. They have to be worked entirely by hand, with wax poured over the wick until sufficient layers are built up.

Candle-making - along with prostitution - is one of the world's oldest professions. The arrival of the electric light plunged many a chandler into eternal darkness. Now an increasingly godless age, together with cheap imports from the Asia Pacific region, threaten Europe's surviving chandlers.

"About half our business is from churches and religious institutions," says Mr Peadar Lennon, general manager at Rathbornes. Yet even in Ireland, Europe's most Roman Catholic country, church attendances are falling. Benediction, the evening service held amid a blaze of candles, is rapidly becoming a thing of the past.

"Old traditions of dropping into church to light a candle for the dead have fallen away," says Mr Lennon. "Because of the many churches are now locked up except at service times. Some churches have replaced candles with small electric lights."

Rathbornes has had to diversify. It now also sells other church accessories.

Other factors threaten the candle business in Ireland. Not so long ago blackouts were common in Ireland and every house would carry a stock of candles. Nowadays there is more efficiency - and fewer candle sales.

Increasing exports is one way to survive. Mr Lennon is launching an export drive in the US. "After all, we have been making candles since before Columbus set sail."

There have been encouraging signs that the European candle trade might revive, spurred on in part by the use of candles as a symbol of freedom during the revolutions in eastern Europe. Some people are also turning back to the old ways of lighting a candle at dinner or putting a candle on the window sill in the evening.

Rathbornes is one of about 50 members of the European Candle Makers Society. The society, in which the West Germans are the main participants, is now making a concerted effort to increase "candle awareness."

But Ireland, it remains a tough time for chandlers. In the old days people would buy enough candles to present to the church on Candlemas Day to last the priest a year. But that tradition is dying. "It's the little things that matter in our business," says Mr Lennon. "The modern houses don't even have window sills. So there's no place for the candle anymore."

Hungary's tax holidays near end

By John Lloyd

MOST TAX holidays enjoyed by foreign companies forming joint ventures in Hungary will be abolished in legislation to be introduced by the new Government in September, according to Dr Peter Bod, the Trade and Industry Minister.

However, Dr Bod told a Business Research International conference in London yesterday that his Government, dominated by the Hungarian Democratic Forum in coalition with the Christian Democratic and Smallholders parties, would set a rapid pace for privatisation and restructuring.

He said that "two-thirds of the economy will be privatised in the next four years" - the Government's term of office.

He guaranteed the present right of foreign companies to take up to 100 per cent ownership in Hungarian enterprises, to repatriate profits in hard currency and to set wages and prices freely.

Dr Bod said that the present law on tax holidays, which grants exemption for joint ventures in which the foreign participation is either 20 per cent or 5m Forints (about £50,000) permits a tax-free period of up to 10 years in companies with a relatively small foreign participation.

"There is now a new entrepreneurial class in Hungary, and they are putting pressure on us not to discriminate against them. We must listen to their voices," he said.

He said he would implement the privatisation of small enterprises employing 15 workers or less - mainly shops, restaurants and petrol stations - within the next few weeks.

Financial discipline would be restored in consultation with the International Monetary Fund, and bankruptcies of unprofitable enterprises would begin soon.

The State Property Agency, which handles privatisation, would be put under the direct control of the Government and its work speeded up.

A new body would handle the investment needs and requests of large companies interested in investing in Hungary.

The enterprise councils in state companies, composed of management and worker representatives, had in the past "acted as a quasi-owner" and often blocked privatisation, he said. These would be downgraded to advisory bodies, with the Government firmly in charge of sales of state assets.

Dr Bod said that foreign investment was dominated by the German speaking nations - West and East Germany, Austria and Switzerland.

He told an audience of UK business executives and bankers: "You must be there. We have had more than a change of Government, we have had a change of direction."

Three-nation talks on Euphrates water

Government ministers from Turkey, Syria and Iraq started two days of talks in Ankara yesterday to try to settle their long dispute over the river Euphrates, writes Jim Bodgener in Ankara.

Turkey exacerbated the issue earlier this year when it halted the river's flow for a month in order to fill the lake created by the giant Ataturk dam.



YESTERDAY

Some of the finest minds in software helped to found Software Publishing Corporation two years ago.

And what happened next happened fast.

We achieved a ranking in the world's top five suppliers of software and Harvard Graphics became the world's best-selling business graphics package.

Business users discovered they could communicate ideas and data with greater style and impact more successfully than ever before.

Yet all of that was yesterday.

TODAY

HARVARD GRAPHICS 2.3 HAS ARRIVED

For importing and analyzing even the most complex of data, making fast and accurate projections and outstanding presentations, Harvard Graphics 2.3 is quite simply the most flexible, versatile and complete package available today.

With Harvard Graphics 2.3 you are closer to a more exciting tomorrow.

TOMORROW

How well are you prepared for tomorrow? How well equipped?

Harvard Graphics 2.3 has galleries of chart styles and colour palettes for instant access to dynamic, multicoloured graphics. Full drawing capabilities and a comprehensive library of maps and symbols are an integrated part of the program.

Direct import from Lotus 1-2-3, Microsoft Excel, and other industry standard packages.

And introducing an industry first - HyperShow. A unique development enabling you to use your PC for powerful, infinitely versatile presentations through the ability to edit or elaborate in mid flow.

To receive your free information pack or details on how to upgrade ring the following number: 0800 289186.



BECAUSE SO MUCH IS HAPPENING SO FAST.

Software Publishing Corporation Europe, Pyramid House, Easthampstead Road, Bracknell, Berkshire RG12 1YQ.

SPC SOFTWARE PUBLISHING CORPORATION

WORLD TRADE NEWS

OECD 'should be the new forum for trade talks'

If the Uruguay Round fails, a new approach to negotiation is being urged, Peter Montagnon writes

THE GATT "is dead! Long live the OECD!" If the Uruguay Round of multilateral trade talks fails to result in full agreement at its climax in Brussels this December, this could be the rallying call for a new approach to international trade policy.

Though uttered *sotto voce* now, with the Uruguay Round still under way, it reflects a growing sense among trade analysts that some of the most pressing new policy problems are no longer easy to deal with in GATT's multilateral forum. Since they are often peculiar to industrial powers, the Organisation for Economic Co-operation and Development may be a more suitable place to handle them.

This feeling has grown partly because of the agenda for the current Structural Impediments Initiative (SII) talks between the US and Japan. These talks, which resumed with a vengeance in Tokyo this week, have concentrated on the international implications of what have, until now, been considered purely domestic issues, such as anti-trust policy, as well as Japan's distribution system and land taxation rules. SII has shown such problems do form a real source of international economic conflict.

Thinking in this area has been fuelled this year by a cou-

ple of books, well-thumbed by the trade community. One, by Mr Gary Hufbauer of Georgetown University, urges an OECD free trade and investment area by the year 2000. Another, by Ms Sylvia Ostry, a former OECD chief economist, urges the OECD to be roped in to work for policy convergence in areas related to trade and industrial policy.

At the heart of the debate is the realisation that issues such as competition policy have grown in their potential to spark economic conflict, given today's rapid technological advance and vast increase in capital mobility.

To secure their position in the world economy, countries have to be capable of leading the development of new products such as high-definition TV, but this is an expensive prospect for any company on its own. The investment, and

THE EUROPEAN Community has formally tabled its ideas for converting GATT into a permanent institution, the Multilateral Trade Organisation (MTO), alongside the International Monetary Fund and the World Bank, William Dullforce reports from Geneva.

World trade ministers would take the political decision to set up the MTO at the end of the Uruguay Round trade talks in Brussels in December, under the plan the EC has sent to the group negotiating improvements to the way GATT works.

GATT has been governing world trade for

therefore world market success, may accrue most easily to countries whose domestic policies and regulations, for example, in the areas of anti-trust or subsidies, are most accommodating.

The temptation to indulge in such regulatory competition is greatest among the world's three main trading powers - the US, Japan and the EC, sometimes known as the "triad". Between them, these account for some two-thirds of world economic output, and are responsible for the bulk of international investment flows. They are at the fore of technological innovation.

Because the problem is so heavily concentrated among these powers, GATT, with its worldwide membership of nearly 100 countries, has seemed to some the wrong forum for harmonisation negotiations. Hence, the new inter-

est in the OECD, which groups only industrial countries. Since the Uruguay Round is supposed to enhance and revitalise GATT, this is still a controversial proposition. But trade experts say it raises questions about how the system may be organised after the Round is over, or what will happen if it fails.

One prospect is that the cutting edge of trade policy talks will move away from GATT towards the OECD, or even to the narrower "triad" grouping. This may happen regardless of the Round's outcome, but more likely if the Round fails and GATT is diminished. Failure of the Round would lead to the system eroding into trading blocs, and to a two-track approach to trade policy talks. The fast track would switch away from GATT, and the developing countries become marginalised in the debate.

Publicly, the OECD is non-committal about its potential role in international talks on the new trade issues of the type raised by the US/Japan Strategic Impediments Initiative. Yet the need to examine them was acknowledged last week by Mr Robert Cornwell, the OECD Deputy Secretary-General. "Proper multilateral discussion of these new international issues should be high on the agenda and it's going to need some suitable forum," he told a conference organised by the Royal Institute for International Affairs and the Confederation of Asia-Pacific Chambers of Commerce and Industry.

Against the idea of involving the OECD are a number of factors. First, it is widely seen as primarily a think-tank with no tradition of actual negotiation. Second, it has no legal powers of enforcement or dispute set-

Section 301 of its Trade Act. The EC envisages a purely organisational treaty setting up an MTO to act as an umbrella for administering GATT, the GATT codes and a services pact. An MTO would apply common dispute settlement rules to all trade agreements and codes. Common dispute settlement would not pre-empt the question of whether cross-retaliation should be allowed, the EC says. Cross-retaliation refers to the right of a country whose trade has been injured in one sector to take compensating action against the offending country in another.

The Free Trade Debate, by Gary Hufbauer, published by The Twentieth Century Fund by Priority Press Publications, 41 East 70th Street, New York NY 10021, pp 232, \$3.95. *Governments and Corporations in a Shrinking World*, by Sylvia Ostry, Council on Foreign Relations, 58 East 68th Street, New York, NY 10021, pp 122, \$14.95.

over 40 years, but legally has only the status of a provisional arrangement, since in 1948, the US Congress refused to accept an International Trade Organisation.

The 12 EC countries say GATT needs a legal basis to ensure the Round's results are implemented effectively. Another motive, unstated but implicit in their paper, is the desire to endow GATT with the international standing and improved dispute settlement system that would make it difficult for the US to continue threatening punitive, unilateral action against other countries under

SGS-Thomson asks Brussels to act on Eproms price fall

By William Dawkins in Paris

SGS-Thomson (ST), the Franco-Italian semiconductor group, has asked the European Commission to act against a sharp fall in prices of one of its most important memory chips.

ST, Europe's second biggest chip maker, has asked Brussels to investigate why prices for Erasable Programmable Read Only Memories (Eproms), permanent memory storage devices, have roughly halved in eight months. The approach is informal but is likely to be taken seriously, since ST is one of the EC's main hopes for independence in semiconductor prices and a prime sharer in joint European chip research.

ST's request will worry European computer makers, the main chip buyers, which complained when the Commission last year set minimum prices for EC imports of Dynamic Random Access Memories (Drams), temporary storage devices, made by 11 Japanese electronics companies. Computer makers will not welcome a price rise in such an important component.

The Commission has been studying for three years a separate call to act against Japanese Eprom makers by the

European Electronics Components Association, representing main EC chip makers. Some Japanese makers are understood to have offered price pledges on Eproms to forestall further action. They are keen to see Brussels open an anti-dumping action in answer to European complaints against cheap South Korean Drams.

The Eprom price fall comes when demand for this type of chip is strong, said ST, which draws 15 per cent of its turnover from Eprom sales. ST was unable to say which makers might be masterminding the Eprom price cuts. Officials said that, given Japanese chip makers' wish to avoid falling foul of EC anti-dumping rules, the price competition could not easily come from South Korea or the US, the only other significant producing countries.

Prices for a one megabit Eprom have fallen from \$10 since October to about \$5, making them cheaper than the same size Drams, which is unusual since Drams are easier to make and have a bigger market. This shows the "situation is caused by makers", ST said.

Brazil tariff cuts expose markets to competition

By Christina Lamb in Brasilia

BRAZIL yesterday announced a sweeping but gradual reduction in import tariffs as part of a move to cut regulations and open trade barriers.

Starting on Sunday, tariffs in various sectors will be cut, with the aim of dropping the average from 35 to 20 per cent by 1994. The maximum is to be cut from 105 to 40 per cent.

Brazil is one of the world's most protected economies, imports last year representing only 5 per cent of gross national product. Until 1989, the average tariff was 51 per cent.

With a stagnating home market, Brazil wants to boost exports, likely to fall to about \$10bn (\$5.5bn) this year against \$16bn last year, and open its markets to competition, as part of a drive against inflation.

The government sees a free market as essential to stabilising the economy. In March, it abolished the 1,000-item list of banned imports, replacing them with tariffs which, under the new trade policy, are intended to decline gradually.

The first items to be affected by yesterday's announcement are raw materials, machinery and parts not made in Brazil. Import taxes on these will be cut from 20 per cent to zero. A tariff reform committee will announce the precise timing of further tariff decreases at the end of the year and decide on anti-dumping measures.

Ms Zelia Cardoso, Economy Minister, described as an essential part of the strategy "the deliberate exposure of Brazilian industry to competition, improving quality and price in the home market and increasing competition for semi-monopolistic industries."

A far from level field, Page 20

Motorola and Hitachi settle patent dispute

MOTOROLA and Hitachi have reached tentative settlement of an 18-month patent dispute which threatened to disrupt supplies of vital semiconductor chips to US computer makers. Louise Kehoe reports from San Francisco.

The out-of-court settlement appears to end the threat of a court order banning Motorola from selling its flagship 68030 microprocessor. The chip is used in several popular computers, including computer workstations from Hewlett-Packard and several of Apple Computer's Macintosh personal computer models.

The companies said they had reached "agreement in principle that will serve as a framework for reaching an end to their intellectual property and technology disputes". Terms were not disclosed.

The row centres on patents for technology used in the 68030 chip. A week ago, a Texas judge ordered Motorola to halt output and sales of the chip. Motorola won a temporary reprieve, but threat of disruption has since loomed over the industry.

Britain backs EC's farm reform stance

THE UK yesterday strongly backed the EC's farm reform stance in the Uruguay Round trade talks. Tim Dickson reports from Luxembourg. Mr John Gummer, UK Agriculture Minister, told an EC Council meeting that Brussels should stick to its "global" approach on cutting farm subsidies, and insisted member states show their full support behind Mr Raymond MacSharry, EC Agriculture Commissioner.

The EC was ready to reach a reasonable compromise, he added. Mr MacSharry, singled out by the Americans as the "villain" of the piece, will be pleased at yesterday's developments, while member states, hitherto uncertain of Britain's convictions, noted Mr Gummer's remarks with surprise or satisfaction.

Now the Uruguay Round is at a critical point and events culminating in next month's meeting of GATT's Trade Negotiation Committee in Geneva could bear significantly on the outcome.

The US still insists all farm subsidies be scrapped by the year 2000. Farm council reports, Page 34

US, Japan fail to resolve bilateral trade problems

By Robert Thomson in Tokyo

JAPAN sought improved efforts from Washington to cut the US budget deficit, and the US demanded further promises from Japan on reducing its trade surplus, as bilateral talks on economic reforms remained unresolved late last night.

The final round of the Structural Impediments Initiative (SII) talks on trade was scheduled to finish yesterday, but a US Administration official said the meeting would continue into today and, perhaps, be reconvened next week in an attempt to produce a final report.

The SII talks were begun last year to reduce Japan's \$49bn (\$28.45bn) bilateral trade surplus, and Japanese officials yesterday had their turn to urge the US to make its economy more competitive by reducing the budget deficit and encouraging private saving.

Japanese negotiators condemned the US for failing to produce a specific target date for balancing the budget, while US officials said a target could not be presented until after current budget talks with Con-

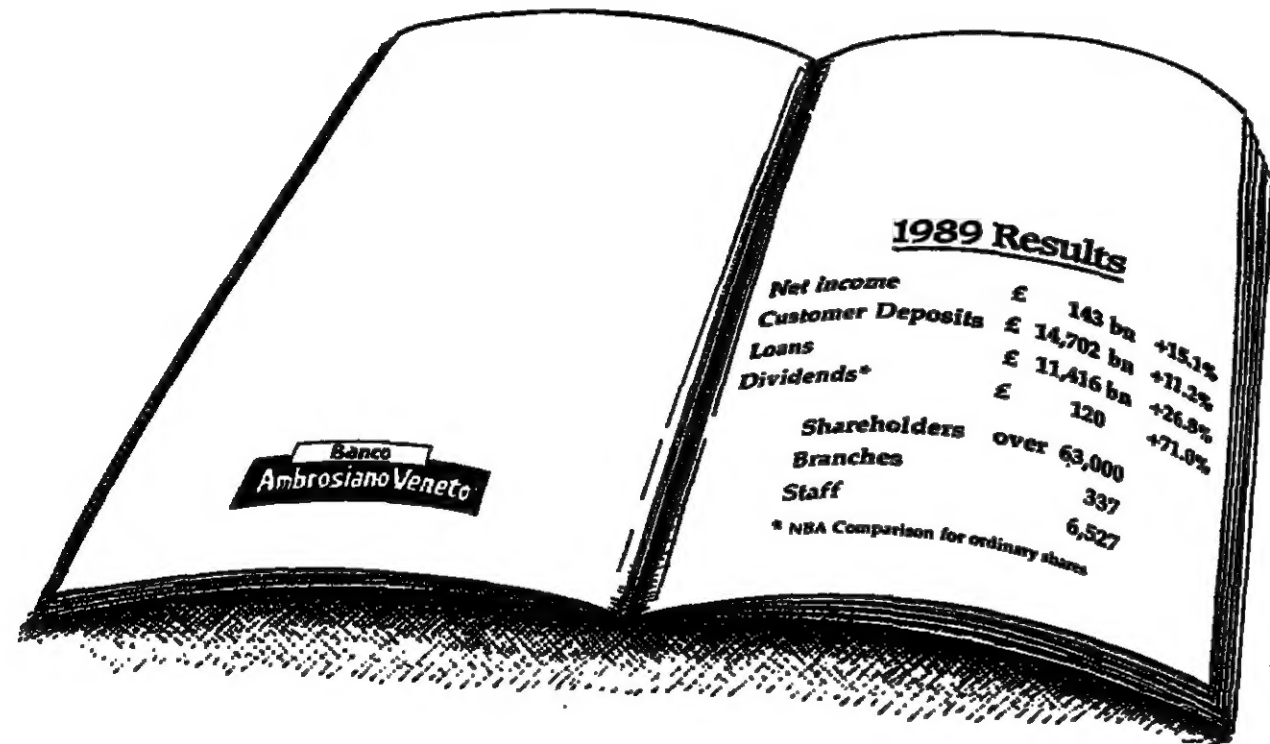
gress were completed. The US was criticised for being slow to adopt the metric system and for producing a draft SII final report which did not include a reference to a pledge that the ban on exporting Alaskan crude oil would be lifted. But the most serious disputes in drafting the final report centre on US demands for Japan to increase public spending over 10 years. Japan has proposed spending \$415,000bn, but the US insists the figure should be nearer \$500,000bn.

The SII talks are intended to be a "two-way street", with both countries offering new policies to remove "structural impediments" to trade. But it was clear yesterday the US has drafted virtually no new policies specifically for the talks.

Japan is being pressed to produce specific figures and target dates for policy changes indicated in an interim SII report prepared in April, and the success of the talks will depend on whether Tokyo can provide further details in coming days.

Nuovo Banco Ambrosiano and Banca Cattolica del Veneto
now have a single annual report

WE'RE NOW ONE BANK



The two banks were formally merged on 31st December 1989.

Having worked together for several years and with practically no overlapping of territory, our merger was a logical development. By many criteria we are now Italy's largest private bank. Size, of course, is not everything - even if we can also point to our plans to open some 30 new branches in the near future.

Our international activity is in expansion although we have no immediate plans to open

foreign branches. Instead, we are making co-operation agreements with a number of major European banks. Good relations continue with some 3,500 correspondent banks throughout the world.

Within Italy we are among the leaders in universal banking. Our Ambrosiano Group covers all services from leasing, insurance brokerage, merchant banking to investment management.

We are truly the bank that's "on the spot" in Italy's top locations.

Banco
Ambrosiano Veneto

BANKING AND FINANCIAL SERVICES

Piazza Paolo Ferrari 10, 20121 Milano - tel. (2) 85941 - fax (2) 807276 - telex 335687 BAVIDIG I
Copy of our annual report will gladly be sent on request to our External Relations Department



Handwritten signature: J. D. J. J. J.

AMERICAN NEWS

Mandela urges Congress to uphold sanctions

By Lionel Barber in Washington

MR Nelson Mandela yesterday appealed to the US Congress to maintain sanctions against South Africa until "irreversible" progress has been made towards ending apartheid.

In a rousing address to a joint session of the House and Senate, the 71-year-old deputy president of the African National Congress used the appeal to head off pressure to relax sanctions as a reward for President F.W. de Klerk's reform moves.

Under Mr Mandela's formula, which has already been rejected by President George Bush, the ANC should be consulted on the appropriate moment for the US and the rest of the international community to lift sanctions.

In what appeared to be a significant shift away from past advocacy of nationalisation, Mr Mandela said the ANC held "no ideological position that dictates that it must adopt a policy of nationalisation," although he made clear there would be a state role in a future mixed economy.

Mr Mandela's vision of a

non-racial democratic South Africa won warm applause, but his refusal to renounce violence was greeted coolly.

After Lafayette, Winston Churchill and Lech Walesa, he is only the fourth private citizen to be invited to speak to a joint session of Congress.

During his speech Mr Mandela sought to compare his struggle against apartheid with the fight for justice and liberty fought by George Washington, Abraham Lincoln, Thomas Jefferson, and Dr Martin Luther King. No one sought to remind Mr Mandela that Jefferson was in fact a slave owner.

Declaring apartheid to be an "obscenity," Mr Mandela reminded his audience that many blacks had died in prison, and on the gallows. When fundamental human rights were denied they had to be defended, if necessary, with the weapons of war, he said.

He avoided setting out a blueprint for future negotiations with the de Klerk Government, and at one point spoke of the danger of a white backlash.

President Bush mouths a new line on tax increases

Peter Riddell on the prospects for a breakthrough deal to reduce the Budget deficit

IT has taken President George Bush nearly two years to abandon candidate George Bush's campaign pledge of "read my lips, no new taxes."

Yesterday's brief White House statement by Mr Bush that "tax revenue increases" will have to form part of any package to reduce the Federal Budget deficit begs many questions about the form and balance of any tax measures. But after more than six weeks of talks between the Administration and congressional leaders these words offer the hope of a breakthrough.

The problem with negotiations so far has been that neither side has been open or flexible. President Bush may have said in early May that everything was on the table, but his advisers made clear their continuing opposition to anything which could be seen as a tax increase. He also refused to

submit new proposals of his own. Also, with mid-term elections only just over four months away, congressional Democrats have been reluctant to take the lead and face blame for proposing higher taxes.

Last week, Mr Richard Darman, the Budget director, finally put forward an Administration plan, cutting the deficit by just over \$50bn (\$29.06bn). But this was quickly dismissed by the Democrats as a warmed-over version of the January Budget.

So at the weekend there was the growing threat of stalemate, with Congress starting a 10-day recess this Friday and then a month-long break in August.

Something had to give, especially since under the Gramm-Rudman deficit reduction law automatic spending cuts came into force in October unless the deficit had been reduced to within \$10bn of the statutory

target. This is \$64bn for fiscal 1991, starting in October.

However, Mr Darman last week revised upwards his estimate of the deficit by a further \$21bn to \$153bn, even before including up to a further \$68bn for the costs of the savings and loans rescue.

So even allowing for the statutory room for manoeuvre, spending cuts or sequestration might amount to more than \$80bn. While this might seem small by comparison with total Federal spending of \$1,200bn - and only be equivalent to 1% per cent of US gross national product - it would be a very large instant adjustment.

Moreover, because two-thirds of Federal spending - such as social security entitlements, contracted defence projects and debt interest - is exempt, the cuts would fall heavily on programmes such as education, public housing and on services such as air traffic control. This prospect was politically unacceptable to both sides so Mr Darman persuaded Mr Bush to take yesterday's initiative after the way had been prepared in talks with congressional leaders.

The difficult part now starts. The statement refers to each side's sensitive points - "entitlement and mandatory programme reform, tax revenue increases, growth incentives, discretionary spending reductions, orderly reductions in defence expenditures and budget process reform to assure that any bipartisan agreement is enforceable and that the deficit problem is brought under responsible control."

While everyone yesterday was avoiding specifics ahead of a resumption of talks today, this means cuts in cost-of-living adjustments for pensioners and in welfare programmes such as Medicare for the elderly and Medicaid for the poor.

On the tax side, the Bush Budget last January included roughly \$19bn in increased tax revenues and user fees; mainly minor adjustments in various specific levies on airline tickets and long-distance telephone calls and payroll taxes on government employees, plus the initial favourable impact of a

cut in capital gains tax (counted as a growth incentive in yesterday's statement).

Mr Bush's statement implies, but does not state, that this figure may be increased. An explicit increase in income tax rates is probably still unacceptable to the White House and might result in a large revolt by congressional Republicans.

More likely is some form of broad-based energy tax. Any package will also include larger cuts in defence spending than the \$3bn or so reductions proposed by the Administration last January.

Mr Richard Gephardt, the Democratic House Majority leader, said he hoped broad agreement could be reached by mid-July, when Congress has to vote on an increase in the Federal Government's borrowing powers. That date may be over-ambitious, but the way has at last been opened for genuine negotiations.

Environmentalists win 10-year delay on US offshore oil drilling

THE Bush Administration has imposed delay of more than a decade in new offshore oil drilling off large areas of California and south Florida, writes Peter Riddell in Washington.

The decision, announced yesterday by President George Bush, followed intensive pressure from environmentalists and from congressional delegations in both states.

Mr Bush said "the combined effect

is that the coast of south-west Florida and more than 90 per cent of the California coast will be off-limits to oil and gas leasing and development until after the year 2000."

Only those areas in close proximity to oil and gas development in Federal and state waters may be available before then. These areas, in the Santa Maria basin and the Santa Barbara channel, will not be available for leasing in any event until 1996, and then

only after environmental impact studies.

In addition, Mr Bush yesterday also ordered the Interior Department to delay further leasing and development activity in several other areas, including coastal regions off Oregon and Washington states in the north-west.

An offshore drilling lease in the Georges Bank area of the North Atlantic, an important fishing area off

the New England coast, has also been cancelled.

Mr Bush, who spent 20 years in the oil business, including offshore operation, said his decision was because "further steps to protect the environment are needed."

The Administration decision bars oil leasing and development in sale area 116, part two, off the coast of Florida, sale area 91 off the coast of northern California, sale area 119 off

the coast of central California, and the vast majority of sale area 95 off the coast of southern California.

The areas affected include 6.7m acres off southern California, 1.2m acres off northern California and 13m acres in the Gulf of Mexico. The decision follows a report from a task force of the Interior Department and the National Academy of Sciences which concluded that more study of the environmental effects was needed.



Exercising force: police step up security around Nelson Mandela during a walk in Washington after an earlier death threat

Dominican poll fails to deliver clear-cut victory

Canute James on the aftermath of tough presidential elections

MR Juan Bosch, the losing candidate in the Dominican Republic's presidential election, is claiming he is the victim of a "colossal fraud." He is refusing to recognise the official result - which gave Mr Joaquin Balaguer, the 63-year-old incumbent president, a narrow victory - and is alleging widespread vote-rigging.

Mr Bosch, 60, was anticipating keenly his first full term as president, having been overthrown by the military after seven months in office in 1963. He says the fraud perpetrated on his socialist Dominican Liberation Party was engineered by Mr Balaguer's conservative Social Christian Reform Party.

Despite repeated denials by SCRP officials, Mr Bosch insists many votes came from Dominicans living in New York, Miami and Caracas. "Thousands of the dead left their graves but could not vote because others, very much alive, had already used their names," he contends.

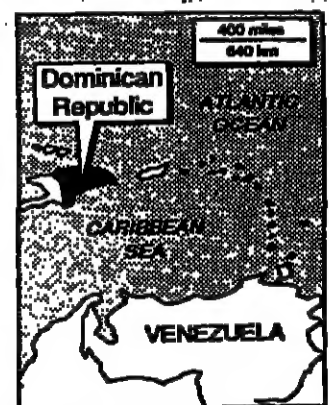
Business leaders say the charges, the close result and the month-long delay in announcing the May 20 election result could lead to prolonged political confusion in the Caribbean republic of 7m people. This, and continuing economic deterioration, could trigger further outbreaks of social unrest which has plagued the country for the last six years.

Mr Balaguer, who is blind, won a sixth, non-consecutive term by a narrow margin - 24,800 votes ahead of Mr Bosch with a third of voters supporting him. Most of the remaining votes went to either Mr Bosch or Mr Jose Francisco Pena Gomez, of the social democrat Dominican Revolutionary Party. About half the 3.2m registered electorate voted.

Pre-election polls indicated Mr Bosch held a clear lead. However, Mr Bosch, who gained support from the business sector by promising widespread deregulation and investment, alienated workers in state enterprises who feared for their jobs. He was also involved in controversial statements about the role of the Catholic Church.

While Mr Bosch, an avowed Marxist in earlier years, appears to have made a dramatic ideological volte-face - he now says capitalism is the only route open to the Dominican economy - there is little indication that Mr Balaguer will make fundamental changes in economic policy over the next four years.

Changes are needed if the country is to pull itself out of its current quagmire. The economy is based on the production of minerals - mainly gold, nickel and silver - tour-



ism, agriculture and light manufacturing.

Last year it grew by 3.8 per cent, against 1.1 per cent in 1988. But 1989 ended with a trade deficit of \$1.02bn (\$580m), more than triple that of the previous year.

The Dominican peso has devalued by 60 per cent against the dollar in the four years of Mr Balaguer's last term, contributing partly to the country's soaring inflation rate.

The central bank estimated last year's inflation at 45.3 per cent, but local economists calculate the real rate to be at least 60 per cent, accelerating this year to an annualised 100 per cent.

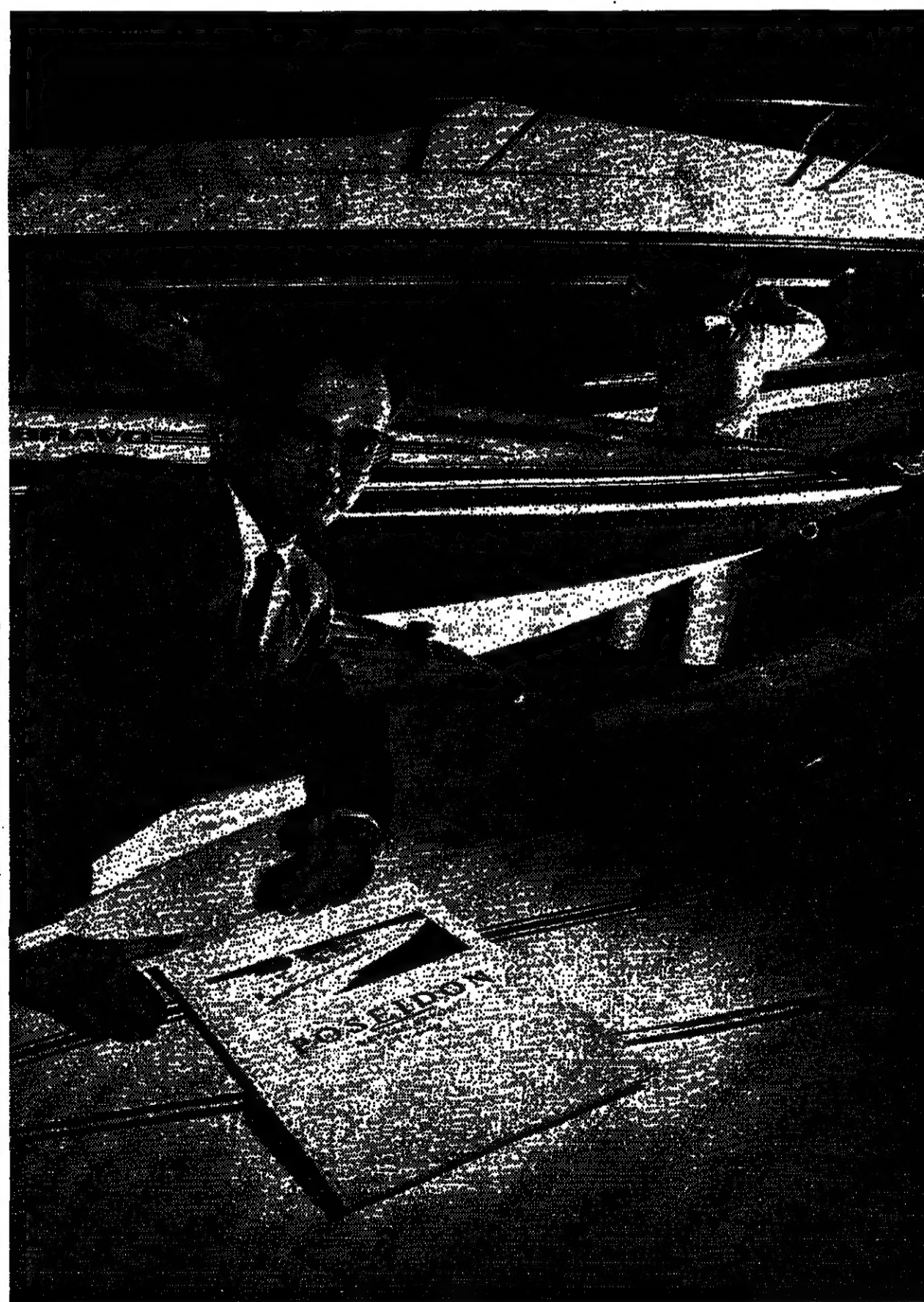
Another cause of inflation has been the \$1.5bn spent by Mr Balaguer's on houses, roads, bridges and parks. The president has obsessively pursued his public works programme, financing it with unbacked local currency.

Detractors credit him with having expanded tourism and light manufacturing in the many free trade zones in the country, but condemn him over economic mismanagement. The country's power supply system has been neglected, and frequent power cuts have affected not only production but also the fickle tourist industry.

After vacillating over dealings with the International Monetary Fund, Mr Balaguer has promised to approach the IMF in August at the start of the new presidential term.

Last year the Government suspended payments on its \$800m debt to commercial banks. However, it cannot reschedule these or its Paris Club obligations, which make up most of the \$4.1bn foreign debt, until it agrees a structural adjustment programme with the IMF. Mr Balaguer's reluctance to deal with the IMF is based on fears that violence and rioting, which greeted the imposition of austerity measures agreed by former president Salvador Jorge Blanco in 1984, will be repeated.

Make your weekly report as good as your annual report.



The Hewlett-Packard guide to quality output.



O.K. So you've been really smart. Maybe you pulled off the big sale that everyone said couldn't be done. When you show your board you want it to look really good. You want an HP LaserJet.

HP LaserJets are the world's best selling range of laser printers. They are the standard by which all others are judged.

We created the mould that everyone else copied and then smashed it with the revolutionary new HP LaserJet III, a printer that literally rewrites the rules.

Using Hewlett-Packard's advanced Resolution Enhancement Technology, curves have never been sharper, blacks have never been blacker and choices of fonts in scalable sizes have never been greater.

For higher volume applications there's the HP LaserJet IID. It prints on both sides of the paper, has dual bin facility and is ideal for users on a network.

And for smaller businesses we invented the world's first truly portable Laser printer. The HP LaserJet IIP has a footprint no bigger than an intray and a price tag to match. And of course, all our products come with our one year on-site warranty.

So if you want the edge in your business, whatever it is, speak to Hewlett-Packard, because we know we only look good if you do.

For full details call (0344) 369369.

hp HEWLETT PACKARD

THE POSSIBILITY MADE REALITY.

INTERNATIONAL NEWS

Citibank wins Japanese cash dispenser fight

By Stefan Wagstyl in Tokyo

CITIBANK yesterday won its long fight to link its branches in Japan to the on-line cash dispenser network of the top Japanese banks.

From December 17, customers of the US bank's nine Japanese branches will be able to use the 20,000 machines at the 5,300 branches of the Japanese city (commercial) banks.

The city banks long opposed allowing Citibank to join system they said they had developed and paid for. Three years ago, Citibank had to content itself with an agreement with Dai Ichi Kangyo, the largest bank, for access to its cash dispensing machines. However, the US bank never lost sight of its eventual goal.

The Japanese banks seem to have given in to Citibank's demand for fear of inflating tensions between the US and Japan over financial issues.

The US has in the past year increased the pressure on Japan to accelerate deregulation, including the pace of interest rate liberalisation.

The Japanese Ministry of Finance has resisted the pressure so far out of concern for

the possible impact of deregulation on small financial institutions. However, it appears the ministry decided that other, relatively minor, problems should be solved, where possible. The ministry declined to comment, saying the issue was a matter for Citibank and the Japanese banks. Citibank said only that it was pleased the matter had been resolved.

Separately, Citibank has agreed with Mitsubishi Bank, one of the largest Japanese banks, to establish a branch inside a Mitsubishi branch in Osaka. Citibank said the deal was a private matter between the two banks, and had nothing to do with US-Japan economic tensions.

Citibank is unique among foreign banks in building a retail branch network in Japan. It has had consistent difficulties opening branches because of the cost and complex regulatory procedures involved. Mitsubishi also denied that political considerations lay behind the deal. The agreement followed a Finance Ministry move to ease curbs on banks sharing branches.

Algeria admits its debts were badly mismanaged

By Stephen Fidler, Euromarkets Correspondent

ALGERIA'S economy minister yesterday admitted his country had "grossly mismanaged" its foreign debt but rejected comparisons with Latin American debtor countries.

Mr Ghazi Hidouci said at a presentation in London that Algeria would continue its policy of avoiding a rescheduling of its foreign debts and said creditors would be paid back on time, rather than over 10 years as in a rescheduling.

As reported, a central bank document presented at the meeting shows the average maturity of Algeria's debt of only 3.6 years. Algeria has \$23.6bn in medium-term, long-term foreign loans and \$1.7bn in short-term credits.

The report indicates that in its determination to avoid rescheduling, Algeria is considering an unusual offer of collateral to international lenders to encourage them to grant new loans and thereby refinance maturing credits.

The collateral, in the form of zero-coupon bonds, would be paid for by increasing borrowings. It suggests a cost equivalent to 20 per cent of provisions which international

banks are required to hold against their Algerian loans would be sufficient to encourage banks to lend. Borrowing \$3bn a year in this fashion would reduce the ratio of debt service to exports from 75 per cent now to 27 per cent in 1992-93.

The other option - to refinance through the arrangement of conventional longer-term loans - means that new borrowings of \$2bn annually would reduce the debt service ratio to 24 per cent by 1992-93.

Mr Hidouci conceded that the government was facing a number of practical difficulties in attempting economic, political and social reform.

The central bank report describes the Algerian economy as being at a critical juncture. It concludes that the economy can enter a virtuous circle but that the victory lies in operating "if Algeria's access to capital markets remains blocked by creditors' policies".

Despite this, the issue preoccupying some bankers at the meeting was one of political risk. It arises from the local elections this month by Islamic fundamentalists.

Quake rescue hopes fade

RESCUE workers struggled yesterday to reach remote villages in north-west Iran but with virtually no hope of finding survivors from last week's earthquake, Reuters reports from Tehran.

In Tehran, praise for the international response to the disaster overshadowed the radical opposition to foreign aid.

Tehran Radio said 127 aircraft carrying supplies and medical aid and rescue teams abroad had arrived by mid-night on Monday.

"The timely presence of foreign forces with advanced and complete equipment has been effective in search, rescue, treatment and burial of the victims," Interior Minister Abdollah Nouri said. "We have no problem in using humanitarian aid from foreign countries."

Foreign relief officials said there was little hope of finding more survivors five days after the earthquake struck villages and towns across 1,000 sq km killing at least 50,000.

Kaunda under pressure as Lusaka rioting continues

By Mike Hall in Lusaka

THE death toll from two days of rioting in Zambia rose to 15 yesterday as looting by angry mobs continued, spreading throughout the capital, Lusaka.

President Kenneth Kaunda was forced to cut short a holiday for emergency meetings with senior politicians.

A 6 pm to 6 am curfew has been imposed and police warned that anyone breaking the curfew would be arrested.

Policing on the Copperbelt, home of the country's vital

mining industry, has been stepped up.

Hospital and police officials confirmed that 11 people had died in rioting yesterday, in addition to four killed on Monday. About 140 were seriously injured.

One policeman was stoned to death by mobs during a house-to-house search. A three-year-old girl and two traders were also killed.

In yesterday's rioting, three police stations were attacked by demonstrators.

The semi-official Daily Mail newspaper reported yesterday that at least 100 people were detained after the first day of rioting, prompted by the doubling of the price of maize meal, the staple food.

The stone-throwing mobs yesterday clashed in several places throughout the city as the army and police, firing automatic weapons and using tear gas, battled to keep control. All roads out of the capital were sealed.

Thousands shouting anti-

government slogans broke into shops and supermarkets in more prosperous suburbs, stoned cars and attacked other symbols of wealth before police arrived to disperse them. Army helicopters circled over the capital.

Witnesses said some paramilitary forces were standing by and encouraging ordinary people to loot. Many onlookers said they supported the action taken by people from the mainly poor suburbs of eastern Lusaka.

"At last these unemployed youngsters have found something to do," said one. "People can only take so much. Kaunda should resign," he added, echoing sentiments that appeared to be widespread.

The United Nations issued orders to all staff to close down UN offices and return home immediately.

University students said yesterday that up to 30 colleagues had been arrested on Monday and vowed to keep fighting

until they were released.

Some suburbs yesterday remained under the control of thousands of angry citizens who had barricaded roads.

They said they would continue their action until the government rescinded the increase in the maize price.

But some observers believe the rioting has gone beyond the issue of food prices, and there are now increasing calls for President Kaunda to step down.

Unrest against one-party state finds wide support

Deteriorating economy is at the root of Zambian discontent, write Mike Hall and Michael Holman

THE businessman was angry: "Zambia is not only a one-party state - it's time for that man to go."

As mobs rampaged through the streets of the capital, Lusaka, yesterday looting shops and attacking symbols of wealth, President Kenneth Kaunda faces one of the most severe tests of his 26-year rule.

During much of this time, the president has been preoccupied by events beyond his borders - wars in Angola, Mozambique, Rhodesia (now Zimbabwe) and South Africa. With characteristic white handkerchiefs in hand, and frequently weeping when his emotions overcame him, Mr Kaunda has often been on the world stage in his search for peace in southern Africa.

But the mission-educated child of a Presbyterian minister is now caught up in a domestic crisis that could well bring out the tough streak in one of Africa's political survivors.

The riots, which started on Monday

following a demonstration by 2,000 university students protesting at food price increases, seem to have taken on a wider political dimension, with a broader cross-section of Zambians joining with unemployed and poor township youth.

Although it is the frustrated job seekers who have been in the thick of the action, they have the support of many middle-class Zambians who have seen their living standards erode over the past two decades.

What must also be worrying President Kaunda and his ruling United National Independence Party (UNIP) - the sole legal party since 1972 - is reports that some in the security forces were encouraging rioters.

It was still unclear yesterday, however, whether any organisation is behind the unrest other than the hanged university students union.

But what is striking is the extent of popular frustration with the government among the urban population which has grown as the economic cli-

mate has deteriorated. The vast majority of city residents have seen their living standards plunge as export earnings from copper declined, diversification into agriculture failed, and mismanagement of state-owned enterprises took its toll.

Essential commodities have been in short supply or beyond their reach because of black marketing. Inflation has soared, and a shortage of foreign exchange has caused industry and other businesses to go under or shed workers, swelling the numbers of unemployed.

Anti-government criticism is now directed at President Kaunda personally. Once almost immune from attack, he is today seen as almost entirely responsible for the failings of a party over which he exerts near absolute control.

His philosophy of "humanism", a Christian-influenced, broadly socialist doctrine that calls for love, social justice and an end to exploitation, is mocked by many Zambians for whom

daily reality is starkly different.

The continuing trial of senior army officers on treason charges arising from an alleged plot last year has provided a platform for allegations of high level corruption, while newspapers have carried stories which suggest that his sons have been involved in shady deals.

There is no evidence Mr Kaunda himself is implicated; nevertheless, his reputation has been tarnished. And it is open to question whether UNIP is capable of presiding over changes to a new political system.

Mr Kaunda will now need all his skills if he is to ride the current crisis. He was able to defuse the last serious challenge in 1986, when several people died in riots protesting against food price increases, by arguing that the measures were forced on him by the International Monetary Fund.

Mr Kaunda suspended the economic programme agreed with the IMF and sought what was described as a "Zambian solution" to the country's economic problems.

The programme introduced was presented to the Zambian public in precisely these terms - though the measures have a familiar ring. This time, however, Mr Kaunda may be unable to divert the blame for the hardships it involves.

He is thus in a dilemma. Zambia's go-it-alone policy adopted after 1986 failed, forcing the country back to the structural adjustment policies it has fitfully pursued in the past. But if he is to stay in power, the austerity measures the current reforms require - notably cuts in subsidies and a privatisation programme which if implemented would see substantial labour cut-backs - will almost certainly have to be suspended or postponed.

But trade unions, the church, private businessmen (most of whom were once in his government), students and many professionals are increasingly hostile to the idea of maintaining the status quo. The question now is whether they can channel popular dissatisfaction into a coherent opposition to Mr Kaunda.

North agrees to talks on Korean reunification

By John Fiddling in Seoul

NORTH KOREA has agreed to send government officials to the border with South Korea next week to resume talks aimed at reuniting the two countries, a Seoul official said yesterday.

According to the official, the two sides will meet on July 3. During the talks, which are the first for five months, Mr Song Han Ho, South Korea's vice national unification minister and Mr Park Nam Ju, UNIP's sole legal party since 1972, will try to arrange an unprecedented meeting of their prime ministers.

The two sides had held six rounds of talks when Pyongyang announced in February that it would sever all border contacts in protest against South Korea's annual military exercises with the US.

Both sides say they want reunification of the Korean peninsula, split at the end of the Second World War, but as a pre-condition the North wants the immediate withdrawal of 43,000 US troops currently stationed in South Korea.

Seoul says the two sides should first take steps to restore mutual trust. It wants trade, business ventures and exchanges of visits by members of families separated by the 1950-53 Korean War, which represents its members' trademarks such as Chanel, Louis Vuitton, Cartier, Rolex,



Seoul women factory workers yesterday were shoved, kicking and screaming, into police buses after they staged a protest against union-busting practices.

Reuter writes: Six hundred women from seven small companies were dragged off by police after a 20-minute sit-in in heavy rain, blocking traffic in the factory

district of Kuro-dong, witnesses said. They were protesting against the Labour Ministry's tough steps to crack down on violent worker unrest.

Brand owners urge South Korea to combat fakes

A GROUP representing some of Europe's best known high quality brand names said yesterday that South Korea's attempts to limit the production of counterfeit goods had not been successful and called for stronger measures to protect their trademarks.

The group, which includes the Union des Fabricants, which represents its members' trademarks such as Chanel, Louis Vuitton, Cartier, Rolex,

Dunhill and Christian Dior, said that despite a substantial increase in the number of investigations and seizures of counterfeit goods in South Korea, these actions "have not translated into expected results at the level of sales to the consumers".

According to UDF, the lack of systematic seizures at the retail level, non-deterrent sanctions and penalties and lax counterfeit control are "the main reasons for the present alarming situation".

A spokesman for Louis Vuitton said that Korea was the world's largest manufacturer of imitations of the company's products and that it exported counterfeit products to the US, Japan and South East Asia. "It is an attack on our image, which reduces the power of our trademark and makes customers switch to other brands."

The UDF called for a series

of measures to improve protection of their trademarks. These include the systematic confiscation and destruction of counterfeit goods, the extension of Korean task force crackdown operations towards retailers, stricter application of criminal sanctions as laid down by Korean laws and regulations and special emergency measures for the Itaewon district, an area where Seoul renowned for the sale of fake goods.

Mr Sharon yesterday told the assembly, which helps settle immigrants, that he had received proposals from several hundred foreign manufacturers of prefabricated homes and had already ordered 3,000 homes.

The question of importing prefabricated homes has sparked controversy in Israel which is likely to delay approval for Mr Sharon's emergency plan.

The Finance Ministry opposes the idea, fearing it will create slums. The powerful Histadrut labour federation has warned the Housing Ministry that imports would cost jobs at home.

A joint committee of the government and the Jewish Agency yesterday approved a \$2.3bn budget to finance the absorption of 150,000 Soviet immigrants in each of the next three years. The bulk of the money will be spent on housing and jobs for immigrants.

Mr David Levy, in his first public statement as Israeli Foreign Minister, yesterday reiterated the hardline stand of his Likud Party rejecting key elements of a US-brokered proposal for Israeli-Palestinian peace talks.

Mr Levy said he would not agree to negotiations with any Palestinian delegation that included people deported from the occupied territories or residents of Israel.

Sharp differences on this between Labour and Likud brought down the national unity government in March.

"I am for Israel saying yes to Baker and no to the PLO," said Levy. He was referring to the US Secretary of State's plan to hold peace talks in Cairo.

Good monsoons bring years of plenty for corporate India

As V P Singh's government inches one of the world's most regulated economies towards liberalisation, David Housego finds industrialists already have plenty to smile about

INDIA'S industrialists have a broad grin across their faces. For all the uncertainties about government policy and doubts about the stability of Prime Minister V P Singh's administration, the better managed Indian companies are basking in the longest corporate boom since independence.

According to DSP Financial Consultants, one of the largest Bombay brokerage houses, after tax profits of the 426 most-traded companies on the Bombay stock exchange - by definition excluding India's multitude of ailing concerns - rose by 74 per cent in the six months to March.

Mr Hemendra Kothari, DSP's chairman, says that second half results during the last financial year were better than the first. But he expects average profits to be up 45-50 per cent for the year as a whole - and the current financial year to be good as well.

Mr Gerry Rao, Citibank's vice-president in Bombay, says: "It has been difficult to do badly in business over the last four to five years."

Mr Ratan Tata, expected soon to take over as head of Tata's, the country's largest industrial group, says modestly of the group's performance last year: "The business environment has been rather buoyant. Telco, the Tata subsidiary which is India's largest vehicle manufacturer and of which Mr Tata is also chief executive, last week announced a 74 per cent increase in pre-tax profits.

Some sectors over the past year have done less well reflecting excess capacity (tyres and cement) or a government squeeze on imported com-

ponents (televisions). But the Bombay index of the 30 most sensitive shares traded on the Bombay stock market, which had dropped into the doldrums shortly after Mr V P Singh came to power, has climbed this year to its highest.

Over recent months industry has benefited from strong consumer demand with sales of refrigerators, scooters and motor-cycles, textiles, soap and detergent all booming. This reflects the extra purchasing power that two good monsoons - with a third reasonably good monsoon in prospect this year - has put into farmers' pockets.

The growing wealth and power of the farming lobby - visible in the high profile dramas of Mr Devi Lal, the farmers' leader and deputy Prime Minister - are an increasingly important social and political phenomenon in India.

But the strong consumer demand also comes from India's increasingly vocal middle class variously estimated at between 100m and 200m. Industry believes that demand for consumer durable goods is now growing at 8-10 per cent a year.

Other longer term factors that have come into play in boosting corporate profits are that industry is now beginning to reap the advantages of economies of scale, improved technology and a better control of costs that came with the first wave of liberalisation in 1985. They also benefit from India still being one of the most protected markets - meaning that companies can sell products that are below international standards at above

international prices.

None the less an increasing number of companies are seeing sales and profits boosted as well by exports. Mr Rao of Citibank says: "Even one of our clients has some realistic export plans. The substantial incentives offered by the Indian government have made foreign exchange earnings increasingly attractive - even if many companies export at a cash loss."

For most Indian industrialists the benefits from these factors have outweighed the uncertainties from the ambiguity of government economic and industrial policy and the reluctance of a weak administration to take decisions. Some of these ambiguities have been removed with the announcement by Mr Ajit Singh, the Minister for Industry, of the government's new industrial policy.

The real importance of this is more in the continuing momentum that it gives to liberalisation than in the actual impact of the measures themselves. "This government is as much for liberalisation as the previous government," says Mr Ratan Tata, the chairman of Bajaj Auto, the scooter manufacturer. "But both keep the economy the most regulated in the world."

The main impact of the new measures will be on small and medium sized companies which will no longer require licences for investment up to Rs250m (£8.4m) and up to Rs750m in backward areas. Large industrial groups and foreign companies were explicitly excluded from this deregulation - though Mr Ajit Singh said the government intended



Liberalisation is welcomed by industrialists Ratan Tata (left) and Ratan Chandra Shekar warns of the dangers of abandoning planned development



Liberalisation is welcomed by industrialists Ratan Tata (left) and Ratan Chandra Shekar warns of the dangers of abandoning planned development



Liberalisation is welcomed by industrialists Ratan Tata (left) and Ratan Chandra Shekar warns of the dangers of abandoning planned development

to do more for them as well. The government has also eased controls on technology and capital goods imports.

The surest sign that the shift in emphasis should be taken seriously is that it has brought an outcry from the government's socialist supporters, including Mr Chandra Shekar, a leading opponent of the Prime Minister and an influential power broker in his National Front coalition. A group of 11 socialist economists condemned the new industrial policy as "a leap in the direction of liberalisation ignoring the logic of planned development."

So far Mr V P Singh has stuck to his guns. In remarks last week that showed an increasing awareness of

global economic realities, he said that India must gear itself to meet the challenges of world competition. "If it does not, it will be left behind," he declared.

The government's change of tone still does not seem to have removed the apprehensions of foreign investors - who are worried not only by the normal 40 per cent equity ceiling they are allowed in India but also by bureaucratic delays, political uncertainties, and the violence in Kashmir.

Foreign investment - already only \$50m last year - has dropped further. In an effort to reverse the trend the government is giving far clearer signals that foreign investment is welcome. It also hopes to

clear up misunderstandings in the coming days over its recent announcement that approvals for foreign investment will be automatic for foreign companies under the 40 per cent ceiling by publishing a full list of industries in which this will apply.

Over the longer term the real worry of Indian industrialists is that Mr Singh's administration could fall apart through in-fighting among its factions - thus resulting in another period of political instability. Mr Deepak Parekh, managing director of the Housing Finance Development Corporation and a director of many companies, sees political uncertainty as the major factor now deterring further private sector investment.

Fang still a patriot

Chinese dissident Fang Lizhi, freed by a government apparently eager to improve ties with the West, said yesterday he will continue to work for "progress and development" in China, AP reports from London.

Fang and his wife, Li Shuxian, arrived in Britain on Monday night after being allowed to leave their refuge in the US embassy in Peking. The couple sought refuge there after the crackdown on the democracy movement in June last year.

John R. ...

Development to exploit Wyth Farm oil reserves in English Channel waters

BP assessing plans for artificial island

By Steven Butler

BRITISH PETROLEUM is moving forward with plans to build an artificial island to exploit 100m barrels of oil reserves underneath Poole Bay, off the coast of Bournemouth.

The company said yesterday it had shelved five other development options while concentrating study efforts on the island concept. A final decision would depend on the outcome of the studies.

The announcement follows recommendation of the Stand-

ing Conference on Oil and Gas Exploration in the English Channel, representing a group of local authorities, which provisionally endorsed the artificial island concept on Monday pending resolution of a number of outstanding questions.

The oil reservoir is an offshore extension of the Wyth Farm oil field, which lies underneath Poole Harbour and is exploited from onshore and island wells.

There is little outright local opposition to the development

but there is widespread concern that BP not damage the local fishing or tourism industries, and that it not cause harm to sensitive environmental areas.

The artificial island is preferred by most because it is seen to offer better protection against an oil spill and would not require a 500 metre exclusion zone for ships, as do other options. An island could also be made to blend in visually with the surroundings. Fishermen hope the island could be

used for a long-running share dealing arrangement involving a technique known as front-running. This is where parties deal in the share market knowing that a large transaction is about to occur which will move prices.

One way it works is when an employee at a fund management company knows the firm is planning to enter the market to buy a block of a particular stock. The employee immediately telephones a broker and does a separate deal, benefiting from any price gain resulting later from the larger transaction.

Such deals are thought to have been routed through Dundale by individuals working for at least three City firms. Some of the names are understood to have been found on dealing records left in Dundale's office in Park Lane.

Several regulators are known to be involved in the widening Dundale inquiry, including the Financial Intermediaries, Managers and Brokers Regulatory Association (Fimbra), The Securities Association and the Investment Managers Regulatory Organisation (IMRO).

The dealing ring inquiry centres on share accounts held by Dundale. The share accounts, some of which were held in joint names, appear to have been

Savings ratio up as personal incomes rise

By Peter Norman, Economics Correspondent

BRITAIN'S saving ratio bounced back above 6 per cent in the first quarter of this year but the recovery appeared to reflect a strong rise in personal incomes rather than a revival of thrift.

At the same time, figures released yesterday by the Central Statistical Office pointed to a deterioration in the financial position of industrial and commercial companies.

Although companies' gross trading profits net of stock appreciation rose by a seasonally-adjusted 1.9 per cent to £16.77bn in the first quarter, they were 2.9 per cent lower than the year before.

The financial deficit of companies rose to nearly £7bn from £5.7bn the quarter before as dividend payments and investment outlays rose. A sharp fall in the company sector's net borrowing requirement to £3.77bn from £10.52bn in last year's final quarter reflected a sharp rise in companies' liquid and other financial assets rather than any cut in their bank and other borrowings.

Mr Peter Spencer, UK economist at Shearson Lehman Hutton, the stockbroker, said: "There is a tremendous contrast between the personal sector and the company sector: it's a story of personal affluence and company squallor."

While acknowledging that the company data are provisional and include a large £2bn "balancing item" to reconcile known financial inflows and outflows, he said yesterday's figures suggested that Britain's companies had become more vulnerable to economic shocks.

At the Treasury, officials described the latest company figures as puzzling. However, they greeted the first quarter recovery in savings as good news for Mr John Major, the Chancellor of the Exchequer, following last week's disclosure of a fall in the current account deficit between April and May and the weekend industrial trends survey which pointed to a decline in inflationary pressures in manufacturing.

The CSO reported yesterday that the savings ratio increased to 6.1 per cent in the first quarter from 5.6 per cent in the final 1989 quarter and 4.3 per cent in the first quarter of last year.

The ratio, which measures personal saving as a percentage of total personal disposable income, has oscillated between 5.6 per cent and 5.1 per cent since mid-1989 compared with between 4 per cent and 4.5 per cent in the previous 18 months period.

However, the increased saving appeared to reflect strong income growth rather than any cut in consumption. At current prices, total personal disposable income increased by 3.1 per cent in the first quarter compared with the previous quarter and was 11.4 per cent up on the first quarter of last year.

City regulators investigate alleged share dealing ring

By Andrew Freeman

CITY of London regulators are investigating allegations that Dundale Securities, the investment group which collapsed earlier this month, was the centre of an illegal share dealing ring.

At least two individuals have been suspended from their jobs in leading city firms, but the number involved is thought to be higher.

Dundale was suspended on June 6. It is now the subject of a Serious Fraud Office inquiry over the loss of up to £100m of clients' funds. Mr Robert Miller, its managing director, is in custody charged with dishonestly obtaining funds. He is due to appear in court for the second time on July 17.

The two suspended individuals were working for Swiss Bank Corporation and Barclays de Zoete Wedd Asset Management. However, others are thought to have been suspended at at least one other major securities house.

A share dealing ring is an informal agreement among individuals at different securities houses to pool price sensitive information with a view to profiting illegally by trading on their knowledge.

BZW Asset Management said

that a leading fund manager had been suspended, but declined to elaborate. SFO said that a senior employee in the bank's equities group left the bank last week. An official said he had left by mutual consent.

SFO is known to be among Dundale's creditors and is believed to be trying to recover money it lost as a result of an equity transaction with the investment firm involving millions of pounds worth of shares in Reuters. The amount lost by SFO is said to run to several hundred thousand pounds. The employee was associated with Dundale's dealings with Dundale.

However, the bank declined to elaborate on his role and said that it had no evidence to suggest that the former employee was involved in a share dealing ring.

Chief Inspector Gale, the police officer in charge of the Dundale inquiry said: "It is extremely early days, and we have no comment to make. We don't know if there is a dealing ring or not."

The dealing ring inquiry centres on share accounts held by Dundale.

The share accounts, some of which were held in joint names, appear to have been

used for a long-running share dealing arrangement involving a technique known as front-running. This is where parties deal in the share market knowing that a large transaction is about to occur which will move prices.

One way it works is when an employee at a fund management company knows the firm is planning to enter the market to buy a block of a particular stock. The employee immediately telephones a broker and does a separate deal, benefiting from any price gain resulting later from the larger transaction.

Such deals are thought to have been routed through Dundale by individuals working for at least three City firms. Some of the names are understood to have been found on dealing records left in Dundale's office in Park Lane.

Several regulators are known to be involved in the widening Dundale inquiry, including the Financial Intermediaries, Managers and Brokers Regulatory Association (Fimbra), The Securities Association and the Investment Managers Regulatory Organisation (IMRO).

The dealing ring inquiry centres on share accounts held by Dundale.

The share accounts, some of which were held in joint names, appear to have been

used for a long-running share dealing arrangement involving a technique known as front-running. This is where parties deal in the share market knowing that a large transaction is about to occur which will move prices.

One way it works is when an employee at a fund management company knows the firm is planning to enter the market to buy a block of a particular stock. The employee immediately telephones a broker and does a separate deal, benefiting from any price gain resulting later from the larger transaction.

Such deals are thought to have been routed through Dundale by individuals working for at least three City firms. Some of the names are understood to have been found on dealing records left in Dundale's office in Park Lane.

Several regulators are known to be involved in the widening Dundale inquiry, including the Financial Intermediaries, Managers and Brokers Regulatory Association (Fimbra), The Securities Association and the Investment Managers Regulatory Organisation (IMRO).

The dealing ring inquiry centres on share accounts held by Dundale.

The share accounts, some of which were held in joint names, appear to have been

used for a long-running share dealing arrangement involving a technique known as front-running. This is where parties deal in the share market knowing that a large transaction is about to occur which will move prices.

One way it works is when an employee at a fund management company knows the firm is planning to enter the market to buy a block of a particular stock. The employee immediately telephones a broker and does a separate deal, benefiting from any price gain resulting later from the larger transaction.

Such deals are thought to have been routed through Dundale by individuals working for at least three City firms. Some of the names are understood to have been found on dealing records left in Dundale's office in Park Lane.

Several regulators are known to be involved in the widening Dundale inquiry, including the Financial Intermediaries, Managers and Brokers Regulatory Association (Fimbra), The Securities Association and the Investment Managers Regulatory Organisation (IMRO).

The dealing ring inquiry centres on share accounts held by Dundale.

The share accounts, some of which were held in joint names, appear to have been

used for a long-running share dealing arrangement involving a technique known as front-running. This is where parties deal in the share market knowing that a large transaction is about to occur which will move prices.

One way it works is when an employee at a fund management company knows the firm is planning to enter the market to buy a block of a particular stock. The employee immediately telephones a broker and does a separate deal, benefiting from any price gain resulting later from the larger transaction.

Such deals are thought to have been routed through Dundale by individuals working for at least three City firms. Some of the names are understood to have been found on dealing records left in Dundale's office in Park Lane.

Several regulators are known to be involved in the widening Dundale inquiry, including the Financial Intermediaries, Managers and Brokers Regulatory Association (Fimbra), The Securities Association and the Investment Managers Regulatory Organisation (IMRO).

The dealing ring inquiry centres on share accounts held by Dundale.

The share accounts, some of which were held in joint names, appear to have been

used for a long-running share dealing arrangement involving a technique known as front-running. This is where parties deal in the share market knowing that a large transaction is about to occur which will move prices.

One way it works is when an employee at a fund management company knows the firm is planning to enter the market to buy a block of a particular stock. The employee immediately telephones a broker and does a separate deal, benefiting from any price gain resulting later from the larger transaction.

Such deals are thought to have been routed through Dundale by individuals working for at least three City firms. Some of the names are understood to have been found on dealing records left in Dundale's office in Park Lane.

Several regulators are known to be involved in the widening Dundale inquiry, including the Financial Intermediaries, Managers and Brokers Regulatory Association (Fimbra), The Securities Association and the Investment Managers Regulatory Organisation (IMRO).

The dealing ring inquiry centres on share accounts held by Dundale.

The share accounts, some of which were held in joint names, appear to have been

used for a long-running share dealing arrangement involving a technique known as front-running. This is where parties deal in the share market knowing that a large transaction is about to occur which will move prices.

One way it works is when an employee at a fund management company knows the firm is planning to enter the market to buy a block of a particular stock. The employee immediately telephones a broker and does a separate deal, benefiting from any price gain resulting later from the larger transaction.

Such deals are thought to have been routed through Dundale by individuals working for at least three City firms. Some of the names are understood to have been found on dealing records left in Dundale's office in Park Lane.

Several regulators are known to be involved in the widening Dundale inquiry, including the Financial Intermediaries, Managers and Brokers Regulatory Association (Fimbra), The Securities Association and the Investment Managers Regulatory Organisation (IMRO).

The dealing ring inquiry centres on share accounts held by Dundale.

The share accounts, some of which were held in joint names, appear to have been

used for a long-running share dealing arrangement involving a technique known as front-running. This is where parties deal in the share market knowing that a large transaction is about to occur which will move prices.

One way it works is when an employee at a fund management company knows the firm is planning to enter the market to buy a block of a particular stock. The employee immediately telephones a broker and does a separate deal, benefiting from any price gain resulting later from the larger transaction.

BRITAIN IN BRIEF



Americans named in Guerin case

Two former colleagues of Mr James Guerin, former deputy chairman of Ferranti International, the UK electronics and defence company, were yesterday held liable by Mr Guerin to pay \$185m to two Ferranti subsidiaries they allegedly helped to defraud.

Mr Guerin was at the centre of the arms contracts scandal which forced Ferranti to suspend its shares on the London Stock Exchange in September.



Guerin: alleged fraud

Mr Justice Mervyn Davies awarded a judgement to ISC Technologies Ltd and ISC London plc against Mr Robert Sibson and Mr Lawrence Reach who failed to file any notice of their intention to defend themselves in the action brought by Ferranti following its discovery of the fraud by Mr Guerin and his associates. Mr Sibson and Mr Reach, both US citizens and residents, were respectively finance director and project manager of ISC technologies.

The judgement followed a similar order made against Mr Guerin on June 18, when Mr Justice Hoffmann "struck out" the defence offered by Mr Guerin.

The ISC companies claim that Mr Sibson and Mr Reach were involved in a scheme with Mr Guerin while he was executive chairman to enter into bogus contracts with a number of Panamanian companies.

New business plan in Belfast

Plans for a £30m business and leisure development creating 1,200 jobs in one of Belfast's most deprived areas were unveiled yesterday.

The project, named "Yorkgate", will have a mix of retailing, housing, workshops and leisure facilities on a 16-acre site in North Belfast.

The site was formerly a Gallagher tobacco factory and the development is part of a strategy aimed at revitalising the city's northern suburbs.

Yorkgate will have 225,000 sq ft of retail space, incorporating a food court and 8,500 sq ft of specialty market units, a leisure complex comprising a 26-lane tenpin bowling alley, a 10-screen multiplex cinema and a leisure pool, all complemented by 1,400 free car-parking spaces.

The developers are Ewart Co, a joint venture between Ulster-based property group, Ewart, and the Methodist Co-operative Wholesale Society (CWS), one

of the largest retailers and landowners in Europe.

Profits down at Lloyd's

The pre-tax profits for members of Lloyd's of London, the insurance market, for 1987, the year for which accounts have just been closed under Lloyd's three years accounting procedure, were down to £558m compared to £649m the previous year according to the Association of Lloyd's Members.

The 9,000-strong ALM has analysed the 1987 audited accounts of 355 out of 357 Lloyd's syndicates underwriting to produce an unofficial estimate of total profits for the market.

These show that Lloyd's pre-tax profits have been badly hit by the need to reserve for so-called open year syndicates where the extent of liabilities is too uncertain for a final profit or loss to be declared.

Sizewell project defended

The Government yesterday tried to restore public confidence in nuclear power by ruling out the cancellation of the new power station at Sizewell in Suffolk and arguing that nuclear power will have a central role in combatting global warming.

Mr John Wakeham, Energy Secretary, wrote a letter to the Commons Energy Committee explaining his decision not to cancel the Sizewell pressurised water reactor (PWR) station, which is due to be completed in 1994.

Mr Wakeham's letter compares the £90m that would be saved by cancelling Sizewell now with the cost of building a new gas-fired power station from scratch.

The Energy Secretary said the saving from scrapping Sizewell on this analysis did not justify abandoning the project.

'Useless' drugs sent in aid

Some of the drugs sent to Armenia for victims of the 1988 earthquake were useless or even dangerous, experts say, and they warn of similar problems with emergency supplies now being sent to Iran, according to reports in a British medical journal published yesterday.

The Armenian shipments included pharmaceuticals that came from stocks of expired drugs, and others of a type no longer sold, according to an article in the respected medical journal, The Lancet.

"We know exactly the same problems are happening now in Iran," said Dr. Philippe Anxier, an epidemiologist and researcher in public health for the Brussels-based European Association for

Health and Development.

Opportunities in cable market

There is a strong potential market for cable television in the UK, according to market research for the Cable Authority, the industry regulatory body.

It shows that households who say they are certain or likely to buy cable when it becomes available in their areas total more than 8m. Cable franchises cover 115 areas of the UK with more than half the national population, though most of the cable networks have not actually been constructed.

The 8m - 28 per cent of households - compares with 3.8m which say they would opt for Astra dishes receiving channels such as Sky Television and 2m who say they would opt for British Satellite Television, a satellite service in which Pearson, publishers of the Financial Times has a significant stake.

Unions fight to keep members

The Amalgamated Engineering Union has been overtaken by Nalco, the public services union, as the third biggest union in the country amid a continuing fall in membership among TUC-affiliated unions.

The AEU, which was the second biggest union until it was overtaken last year by the GMB general union, lost 6.5 per cent of its membership between the end of 1988 and the end of 1989 year according to figures submitted to the TUC.

Heysel appeals dismissed

Eleven of the 14 Liverpool soccer fans convicted of manslaughter following the Heysel stadium riot in May 1985 had their sentences increased by a Belgian appeal court.

After four months of appeal hearings, Judge Pierre Van De Walle increased the original three-year prison sentences - 18 months of which were suspended - to four years for seven of the Britons and to five years for four of them.

He also cancelled the 18-month suspensions and upheld a 60,000-franc fine (about £1,000) imposed in April last year.

Tough talking in car industry

Union leaders gave notice of a tough set of negotiations in the UK car industry when they said they were looking to outpace inflation considerably in pay deals later

this year covering 44,000 Rover and Jaguar workers.

Mr Jack Adams, National Automotive Secretary of the TGWU General Workers' Union and lead union negotiator at both companies said: "Jaguar and Rover will need to come up with agreements that improve living standards and recognise efficiency improvements. We are not going to do deals on the cheap."

Mr John Allen lead negotiator for the AEU Engineering Union, said the Ford agreement concluded earlier this year had set a going rate in the motor industry.

Labour attack on timeshare

Mr Nigel Griffiths, the Labour spokesman on consumer affairs, yesterday called on the Office of Fair Trading to wind up the Timeshare Developers Association. The OFT is expected to publish a report on timeshare operators shortly, and may call for new statutory rules covering the industry.

Mr Griffiths said the TDA was set up in 1987 to respond to criticisms about the industry, but that "undesirable practices continue".

Leading timeshare developers, such as Barratt International and Wimpey Timeshare, had left the TDA "because they had lost confidence in its ability to discipline members who infringe rules," Mr Griffiths said. The Labour Party's recommendations for cleaning up the timeshare industry, including proposals for legislation, are to be announced on Thursday.

Banks to offer new contracts

Banks will be allowed to offer Save as You Earn contracts later this year under provisions in the Finance Bill, Mr Richard Ryder, Economic Secretary to the Treasury, said yesterday.

The provision was outlined in the Budget in March so that approved banks could offer SAYE in line with the Department for National Savings and building societies.

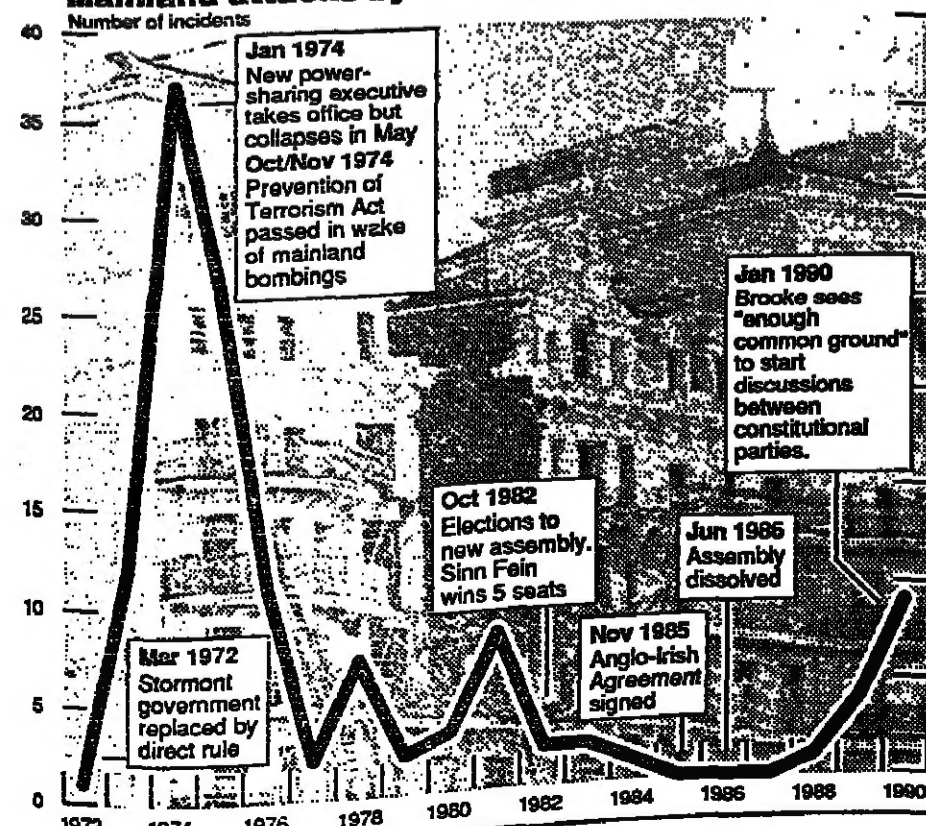
Free market in mobile phones

Mobile communications operators will be free to market their services direct to the public from 1993, the Government announced yesterday. At present, Racal-Vodafone and Cellnet, which run the UK's two cellular networks, must contact customers directly but must go through intermediaries known as service providers.



Mr John Major, Chancellor of the Exchequer, yesterday launched the new five pence coin (pictured above) at the Oval cricket ground in south London. The coin, one of the smallest in circulation, is worth about eight US cents or 14.5 West German pfennigs.

Mainland attacks by Northern Irish terrorist groups



LONDON CLUB BOMBING

IRA strikes at a symbol of the UK's ruling class

By Kieran Cooke and Ralph Atkins

MRS MARGARET THATCHER said it all with her first words at a post EC summit news conference in Dublin yesterday. "The summit has to some extent been overshadowed for us by the terrorist bomb at the Carlton Club," she said.

With one bomb the IRA had once again made the headlines. Other issues were forgotten. The IRA's semtex-fuelled propaganda machine had scored another victory. The Carlton club bombing was not a change of tactics on the IRA's part. The IRA strikes at anyone it regards as supportive of what it calls the British "Crown Forces".

Indeed not only mean soldiers, whether in or out of uniform, whether based on the Rhine or in the Falls Road in Northern Ireland it means building contractors who might be foolishly enough to carry out work for the security forces. It might even refer to a milkman who delivers to a police station.

In the Commons, the Government again found itself wrong-footed. Late on Monday, after returning from the scene of the bomb, Sir Geoffrey Howe, leader of the House, was anxious to satisfy MPs clamouring for details.

But by next day, Mr David Waddington, Home Secretary, found himself obliged to make a statement to MPs that he would have preferred not to have made. The Government was responding to an outrage that, if it had happened in Northern Ireland, would scarcely make the inside pages in mainland newspapers.

"We must be very reluctant indeed to give unnecessary publicity to the perpetrators of these outrages," Mr Waddington admitted to MPs.

The Carlton Club might not be associated in any way with the military. But it is one of the symbols of the Tory establishment, which, in the IRA's view, supports the continuing partition of Ireland.

A similar rationale lay behind the IRA bombing earlier this month of the home of Lord MacAlpine, a former treasurer of the Conservative party and a confidante of Mrs Thatcher.

However, the scale of the IRA campaign has changed. In the 70s and early 80s the IRA caused mayhem with an indiscriminate bombing campaign in Belfast, London, Birmingham and elsewhere. The campaign cost many lives, almost all innocent civilians.

The emergence of Sinn Féin, the IRA's political wing, was one reason the bombing campaign was halted. Civilian deaths - in IRA language "mistakes" - cost Sinn Féin valuable votes.

The IRA also was refining its operations. Massive arms shipments from Libya in 1987 - believed to total at least 150 tonnes - have given the IRA the resources to wage a prolonged on sophisticated terrorist campaign.

The strategy in the past few months has succeeded in bringing IRA activities once more into the consciousness of mainlanders. Either by coincidence - or design - it has occurred as Mr Peter Brooke, Northern Ireland secretary, has made genuine progress towards starting talks on the political future of the province.

A statement on his plans is expected in the Commons early next month. In it, Mr Brooke will outline how three sets of relations will be considered in tandem: between north and south Ireland, between London and Dublin and within the province itself.

The package appears to have satisfied all the province's constitutional parties - not a small achievement after more than two decades of "The Troubles". But throughout Sinn Féin has been excluded; specifically debarred by successive Northern Ireland secretaries. If change is in the air, the IRA must be anxious that its voice is heard.

It still has substantial supplies of Semtex, a light, odor-

less and highly lethal explosive, at its disposal. The IRA has arms dumps scattered around Northern Ireland, the Irish Republic, mainland Britain and in continental Europe.

Ironically, the IRA seems short of trained operatives who can use such weaponry. The IRA leadership is therefore using the organisation's scarce manpower to full effect by launching attacks at carefully selected targets - whether in Gibraltar, the Netherlands, on railway platforms in Northern England or in central London.

The IRA can thus portray itself as a highly skilled force, liable to strike anywhere at anytime. It is a strategy straight out of any guerrilla warfare textbook. Carry out attacks on specific targets, go to ground and then emerge in a completely different location to strike again.

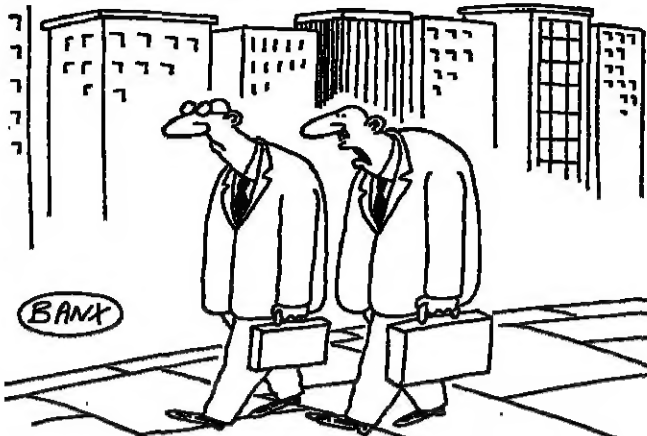
Monday night, as Mrs Thatcher admitted, was the opportune moment for the IRA to gain maximum publicity.

MANAGEMENT

Human resources

Fighting for their corner

Simon Holberton examines the findings of an investigation into European attitudes



"WHY DO PEOPLE LACK THE HUMAN RESOURCES TO REALISE HOW IMPORTANT A HUMAN RESOURCES MANAGER IS?"

ment and selection and pay and benefits. Their responsibilities have shown a much slower growth in industrial relations, health and safety and workforce expansion and reduction issues.

The report argues that human resource professionals have a role to play in ensuring personnel strategies are applied consistently. But the growth in line management responsibility for key areas of staff development suggests that human resource professionals are being side-stepped in an area where they would have appeared central to their role.

The Swedes, who score among the highest in questions relating to the relevance of human resource professionals to companies, accept that line management implements training schemes. They see their role as one of listening to managers' demands and designing appropriate programmes. In this way they retain a level of control over the project.

The report quotes one Swedish personnel professional: "Customer service skills are really important in modern personnel work and the line managers are your clients."

Line managers' responsibilities have also grown in recruit-

will need most in the coming three years are people management, computing and technology, business administration and strategy and the management of change.

Managers are currently being trained across a broad range of skills which appear to be for people management. Team building, delegation, staff communications and performance appraisal score highly. Possibly reflecting the business opportunities that may come with the liberalisation of markets for goods and services after 1992 the learning of languages scores highly in most countries, with the notable exception of Britain.

Looking ahead, people management is expected to dominate in most of the countries surveyed. In France, Sweden and the UK training managers in the "management of change" is seen as a high priority.

Variable pay is on the increase in all countries surveyed, with merit pay and individual bonuses the most frequently used incentives.

The report notes that employers are moving away from rigid pay structures. Variable pay packages are on the increase in all countries, especially Sweden and Spain.

Profit-sharing is widely available, but predominantly to managerial and professional staff. Bonuses, whether individual or group, and performance-related pay are popular in all countries.

The Price Waterhouse Cranfield Report is a thought-provoking document. It argues for a greater role for human resource professionals in shaping and responding to the training and developmental needs of companies.

The survey provides evidence of companies systematically analysing their training needs - between 60 and 90 per cent of respondents said they did this. The demand for training appears to be driven more by the needs of line managers than by human resource professionals initiating training programmes.

The evaluation of training tends to be informal. The most common form of evaluation comes from the responses of trainees and their managers to the particular training experience. Tests and more formal systems are less used.

During the next three years, the skills employers think they

Procuring goods and services overseas

Crown Agents in battle royal

The store with a difference, in the forefront of ensuring official aid donors obtain value for money, faces private competition as it looks to expand, writes Peter Montagnon

Tucked away in a non-descript 1960s office block behind Alders department store in the Surrey suburb of Sutton is a different kind of store with a much more international clientele.

If you are a government agency you can go to it for anything from policemen's uniforms to railway locomotives to French readers for your schools. For this is the head office of the Crown Agents, the uniquely British agency dedicated to the procurement of goods and services for the developing world.

Once the butt of scandal for its involvement in the second banking crisis of the 1970s, the Crown Agents has come a long way from its original role as the agency responsible for procuring goods and materials from Britain to its colonies. Now it is in the forefront of ensuring that official aid donors obtain value for the money they spend.

In the past couple of years it has picked up two lucrative and high-profile contracts: spending Japanese official aid money in Africa and procuring goods for the Bolivian Government. Altogether its procurement division turns over some £220m a year, though its official say it is involved through work on World Bank projects, for example, in business worth a multiple of this. It also manages some £1.5bn in funds for foreign governments, and is actively involved in a range of other aid projects, from training prison officers.

The crisis years of the 1970s and early 1980s, which culminated in the Sultan of Brunei withdrawing his funds from Crown Agents' management, are largely forgotten, but now the Crown Agents face new challenges in the battle to develop and expand its unique range of services.

The world-wide movement away from tying aid to procurement of the donor's goods and services has been forgotten, but now the Crown Agents face new challenges in the battle to develop and expand its unique range of services.

the Crown Agents became successful bidders at the auctions were responsible for spending the money themselves.

Crown Agents was able to offset this through its work for Japan and Bolivia. The expectation is that more European Community aid will be untied in connection with the single market of 1992. This could mean more work for the Crown Agents as long as the money is spent as programme aid rather than balance of payments support through foreign exchange auctions. The Commission itself is administering a partnership, established by the Community last year to encourage cross-border collaboration in Europe. It is managing the partnership with specialists in Spain, Italy, the Netherlands, Denmark, Luxembourg and France.

Part of its marketing pitch is that its public status will allow it to pass on discounts it receives from suppliers to its customers.

Development Fund. To help it win business in Europe, the Crown Agents has been one of the first organisations to establish a European Economic Interest Group, a new corporate vehicle, akin to a partnership, established by the Community last year to encourage cross-border collaboration in Europe. It is managing the partnership with specialists in Spain, Italy, the Netherlands, Denmark, Luxembourg and France.

Part of its marketing pitch is that its public status will allow it to pass on discounts it receives from suppliers to its customers. Another is the range of services it provides.

Crown Agents will not only manage customers' money and make payments on their behalf. Though it is not allowed to undertake risk on its own account, by guaranteeing letters of credit for example, it does provide payment services and has decided to place itself under Bank of England supervision as if it were a bank. It also provides shipping services and technical co-operation. This currently includes helping Thailand to

computerise its tax collection system with a possible view to the introduction of value-added tax.

The idea is that the customer can tailor-make his own package of services and that the provision of one type of service can lead to another. For example, east Europe may eventually offer procurement possibilities, but the Crown Agents is currently concentrating on training schemes for manpower development in Poland and Hungary.

Getting the quality right, according to Peter Berry, Crown Agents managing director, means sitting down with customers and finding out exactly what they want. It also means ensuring that when goods finally arrive at their destination, they are in working order. Shipping a consignment of £5m worth of drugs to Nigeria earlier this year involved not only ensuring that the goods were properly assembled and packed in cool containers, but also ensuring that the goods were properly assembled and packed in cool containers.

To a commercial eye, the net result is a hotch-pot of services with apparently little attention paid to which part of the business is actually generating the most profits.

However, it is a product range that the private sector would find hard to duplicate, and Berry and his team are confident of its marketability. The proof of the pudding is not only the Crown Agents' success with its Japanese procurement programme, but also that customers remain loyal in spite of the fact that the fees for individual services are not the lowest in the market.

Mr Berry himself joined Crown Agents from Chillingham, the former Anglo-Indonesian Corporation, in 1983 as its Director for Asia, becoming its managing director in 1988. He started his career in Borneo with the trading company Harisons & Crossfield, where he says he was "very much a trader in the Chinese bazaar."

TECHNOLOGY

Motorola takes the low road

MOTOROLA, the US electronics group, yesterday unveiled an ambitious \$2bn (£1.2bn) plan to provide worldwide mobile communications from 77 mini-satellites. The group said the system would be ready by 1996, provided a host of regulatory and financial hurdles can be surmounted.

Motorola plans to provide much of the equipment for the system and to take an equity stake in its operation. But it said it would be looking to create a consortium, made up of the world's phone companies and satellite groups such as the International Maritime Satellite Organisation, to finance most of the project.

The main technical feature of Motorola's plan is its decision to use low orbit satellites. Whereas most telecommunications satellites are 22,000 miles from the earth's surface, giving them the appearance of being stationary because they orbit the earth at the same speed as the earth is turning on its axis, the US group is planning to launch its constellation of 43 satellites at a height of 413 nautical miles.

The advantage of low orbit satellites is threefold. First, Motorola needs no permission to launch the satellites into the skies unlike geostationary satellites for which there is an internationally agreed regime. Second, because they are closer to the earth's surface, they can operate with less power. Motorola is holding out the prospect that people will be able to use handsets the size of current cellular phones.

Third, by having 77 satellites, the system will be able to use the scarce radio spectrum more efficiently. Each satellite will project 37 cells with a diameter of approximately 350 nautical miles on to the earth's surface. The radio frequencies will be re-used in each of the almost 3,000 cells. However, Motorola's Iridium system will not be as efficient in using the spectrum as land-based cellular mobile systems. These can support cells with a diameter as small as two miles, meaning they are better suited to densely populated areas.

Hugo Dixon

Clive Cookson describes why BP Venture Research International supports speculative science

A reward worth the gamble

but we have been strapped for ideas." Only a few per cent of proposals received have been judged to offer a sufficiently novel view of the world to be worth supporting.

The unit avoids time-consuming procedures such as "peer review" which are normally part of the grant-giving process. Braben and his four professional colleagues in the unit make up their minds quickly whether to fund a proposal.

Braben says, for example, that he took just 10 minutes to decide that two botanists, Mike Bennett and Pat Heslop-Harrison, should receive support to investigate the three-dimensional structure of the genetic material (chromosomes) in cells.

Although thousands of scientists worldwide were unravelling the chemical sequence of DNA (genes) within chromosomes, almost no one had looked at the arrangement of chromosomes within the cell nucleus. The general impression was that the chromosomes were distributed randomly

inside the nucleus "like spaghetti in a saucepan," says Bennett, who recently moved to Kew Gardens as head of the Jodrell Laboratory.

Bennett and Heslop-Harrison had observed that the arrangement of chromosomes in certain cereal hybrids was non-random. They wanted to pursue that discovery by looking at other plants and animals including humans. As botanists who wanted to work on human cells, they could not get a grant from a conventional research agency.

But their £100,000 a year Venture Research grant has enabled them to develop new techniques for investigating the structure of cell nuclei and start to apply them to human genes. Preliminary results show that there is indeed a non-random pattern in the distribution of human chromosomes, which may have important medical implications.

Many scientists who receive Venture Research funding are outspoken in their admiration for Braben and his unit. "They are helping scientists to stress

UNDER BP, Venture Research has covered a wide field, from advanced mathematics to biology. Although the projects are self-contained, some are linked by informal themes.

One theme is "chemistry in novel environments." Most reactions take place between chemicals dissolved in a molecular liquid (water or an organic solvent). Venture Researchers are investigating the effect of carrying out reactions in different media.

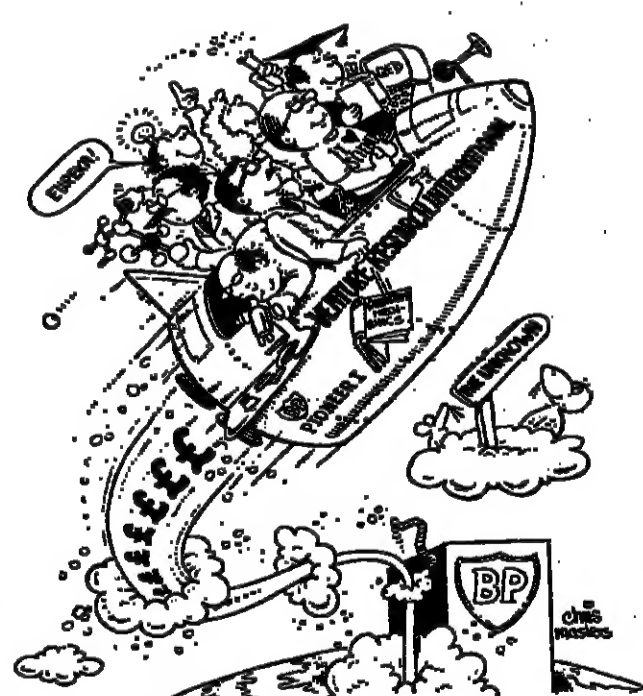
Ken Seddon at Sussex University is doing chemistry in an ionic solvent. He uses a novel range of room-tempera-

ture ionic liquids, sometimes known as molten salts.

Seddon says these "super-solvents" will dissolve almost anything, apart from the glass vessels he uses to hold them. Yet at the same time they are remarkably gentle. "They have a remarkable stabilising effect and slow the chemistry right down."

Martyn Poliakoff at Nottingham University is working with a quite different type of solvent: supercritical fluids, which combine the properties of gases and liquids.

Poliakoff is experimenting with chemical reactions in



the unifying principles of science, at a time when it is becoming far too fragmented."

"We were turned down by the Science and Engineering Research Council for our work on ionic liquids because it was too 'speculative' - and that's a word of damnation in science today," says Ken Seddon of Sussex University. "Venture Research is doing what governments should be doing: funding speculative research."

In the long run, sponsoring companies can expect a substantial financial return from their investment in Venture Research. The most valuable spin-off so far is a new type of medical diagnostic kit, the Amplified Enzyme Linked

Immuno-Assay invented by Colin Self at Newcastle University, which emerged from a Venture Research project on enzyme control systems. It was commercialised by IQ Bio, a Cambridge biotechnology company which is part of Novo Nordisk, the Danish pharmaceutical group. "We believe its value now greatly exceeds all investment in Venture Research to date, which has been some \$20m," Braben says.

Although BP chose not to develop Aella itself, because it did not fit in with any of its businesses, BP is exploiting some other Venture Research projects. For example BP Chemicals is closely involved in Oxford Chirality, a company set up by Steve Davies of Oxford University. His Venture Research project led to a small artificial enzyme which can selectively make "chiral" compounds - the left-handed or right-handed form of chemicals that can exist as mirror images.

In the five years since Davies started his Venture Research, chiral or "asymmetric" synthesis has emerged as a hot field of chemical research, of great significance for the pharmaceutical industry. This month the UK Government launched a £7m research programme for asymmetric synthesis, under the Link initiative, and Davies can expect to receive funding from it. But he will still depend on Venture Research to jump forward intellectually.

How to get ahead in IT

If you want to be successful in the information technology business, do not have children and study arts rather than sciences. And it could help if you are a man.

These are some of the lessons filtering through from a survey into the role of women in today's IT industry. The survey was conducted by the UK's British Computer Society (BCS) and the Women in Technology Foundation.

One of the aims of the survey, which comes at a time when employers are finding it difficult to recruit qualified IT staff, is to provide companies with information to help them attract some women.

The survey, sent to the 2,000 female members of the BCS, threw up three surprising statistics, says Carol Beech, head of member services there.

● A high proportion - 45 per cent - of the 750 female BCS members who returned the questionnaire had no children. Given their age range, between 25 and 45 years old, Beech believes the only conclusion to be drawn is that "these women are making a conscious decision not to have a family."

● A glance at the salary statistics shows one possible reason why: a career break is equivalent to reducing your salary by at least £10,000 per year.

● People with arts rather than science degrees fared better in the salary stakes. The most likely salary for a science graduate employed in the computer business - computer operators, programmers, systems analysts and managers - is £16,000-£20,000. If you have an

arts degree the average salary rises to £21,000-£25,000 a year.

The problem is that very few arts graduates ever go into computing - just 10 per cent of the BCS sample came from an arts background. "When you go to careers conventions the teachers always say 'these are our science groups over here'," says Beech. "The perception of IT has got to change."

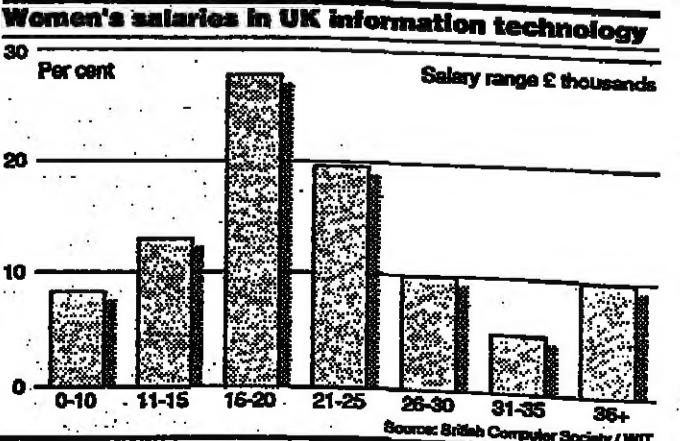
● One of the big advantages for employers of appointing women is that they change jobs less frequently than men. Of those responding to the survey nearly 44 per cent said they planned to stay in their current job for at least nine years, a staggering statistic in an industry where staff move, on average, every two years.

For women who do persevere there are rewards: many of the women in the BCS sample had achieved high positions. The largest group of respondents, 35 per cent of them, were in management or project management or were lecturers. A further 30 per cent were analysts or programmers.

Most women who responded to the survey favoured working in the private sector - 50 per cent were employed in private companies. Less than 10 per cent were self-employed.

So what should the female arts graduates wanting to get into the computer business look for in a prospective employer? "A company, probably in the private sector, which offers training and career development," responds Beech.

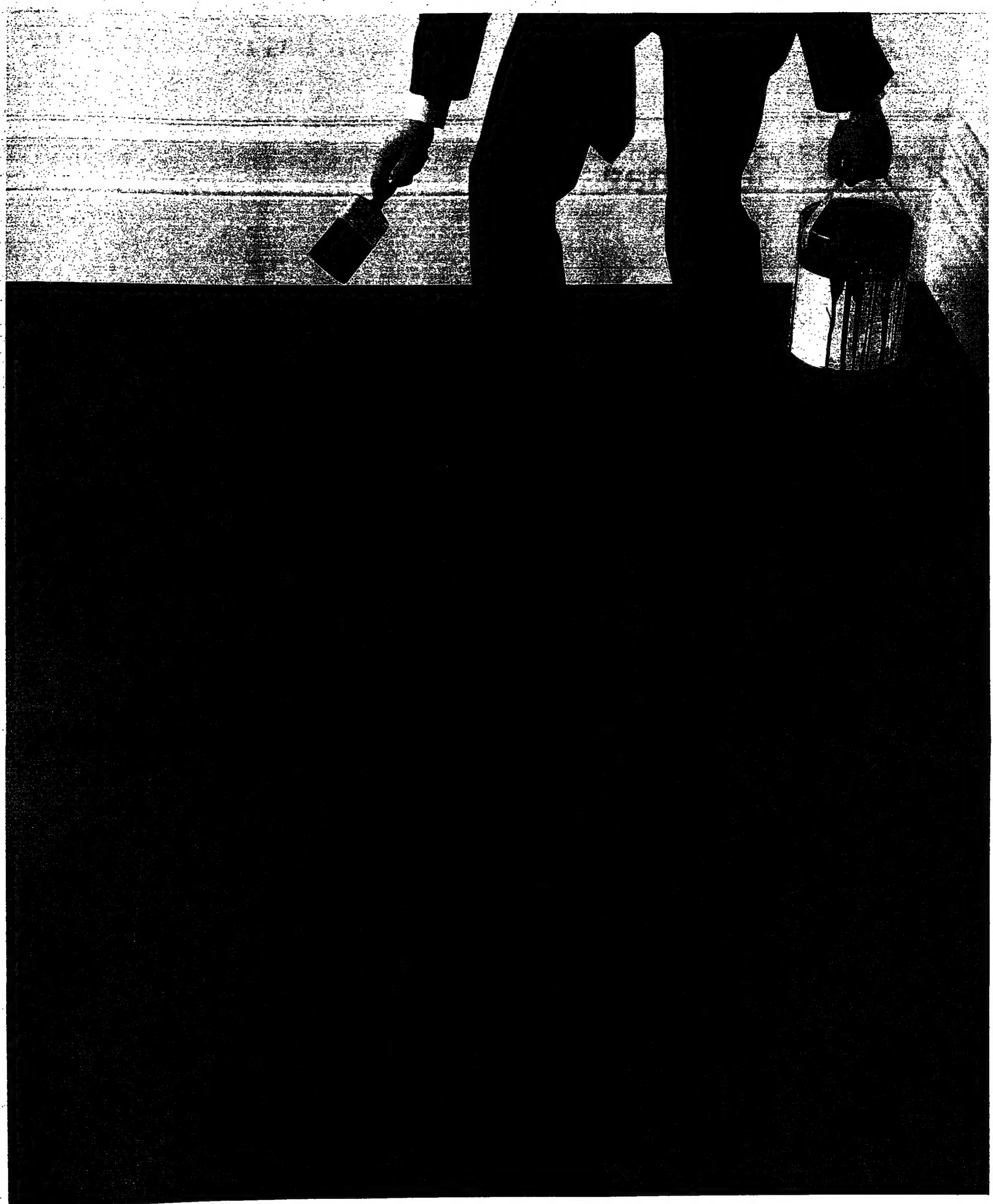
Della Bradshaw



Andersen Consulting

the royal

to get
in IT



The next step has to be upwards.

Even the best managed companies may one day find themselves in this seemingly untenable position. Because the information technology that was brought in to improve business performance may actually leave it feeling cornered. Andersen Consulting can help you rise above this technological trap. Before bringing our technical prowess to bear, we'll work with you to examine, rethink

and refine your fundamental business strategies. We'll help you clarify your goals. Short range and long. We'll anticipate the impact on all your people and help them adjust. This way you can be certain that your new system will be more than just a technological triumph. It will be a real contribution to your business. And that's worth thinking about. Before you've got your back to the wall.

ANDERSEN
CONSULTING



The FT City Seminar

Plaisterers Hall, City of London
9, 10 & 11 July, 1990

This practical three-day Seminar, now in its sixth successive year, provides a broad overview of the institutions and markets of the City of London. The 1990 programme has been updated to include the impact of the Single European Market, and finance for Central and Eastern Europe.

Speakers will include:

Mr Andrew Tuckey
Chairman
Baring Brothers & Co., Limited

Mr Michael Fowle
Senior UK Banking & Finance Partner
KPMG Peat Marwick McLintock

The Rt Hon John Redwood, MP
Parliamentary Under Secretary of State
for Corporate Affairs
Department of Trade and Industry

Mr Geoffrey Barnett
Director General
The Panel on Takeovers and Mergers

Mr Mark Boléat
Director General
The Building Societies Association

Mr Michael J Fuller
Chief Executive—UK Banking
Midland Bank plc

Mr John Footman
Head of Information Division
Bank of England

Mr Nicholas Jones
Managing Director
Lazard Brothers & Co., Limited

Mr Herschel Post
Deputy Chairman
International Stock Exchange
President, Shearson Lehman Global
Asset Management

The Rt Hon John Smith, QC, MP
Shadow Chancellor of the Exchequer

Mr David Malcolm
Deputy Group General Manager
Royal Insurance Holdings plc

Mr Tadashi Natori
Director & General Manager
The Industrial Bank of Japan Limited

A FINANCIAL TIMES SEMINAR

FT FINANCIAL TIMES CONFERENCES

Complete and return to:
The Financial Times Conference Organisation
126 Jemyn Street
London SW1Y 4UJ
Telephone: 071-925 2323
Telex: 27347 FTCONF G
Fax: 071-925 2125

The FT City Seminar

Name _____
Position _____
Company _____
Address _____
Postcode _____ Country _____
Tel. _____ Tlx _____ Fax _____
Type of Business _____

Europe-Brazil altogether 30 flights per week.

AMSTERDAM	749 765	Tues. Sat.	19.45 19.30	Frankfurt Zurich	Sao Paulo-Rio Sao Paulo-Rio
BARCELONA	711 711 711	Thurs. Fri. Sat.	23.00 23.00 23.00	Madrid Madrid Madrid	Rio-Sao Paulo Rio-Sao Paulo Rio-Sao Paulo
COPENHAGEN	759 759	Fri. Sun.	20.05 20.05	London London	Rio-Sao Paulo Rio-Sao Paulo
FRANKFURT	749 747 783 745 743	Tues. Wed. Fri. Sat. Sun.	22.15 22.15 22.15 22.15 22.15	Nordest Nordest Nordest Nordest Nordest	Sao Paulo-Rio Rio-Sao Paulo Rio-Sao Paulo Rio-Sao Paulo Rio-Sao Paulo
LISBON	701 701 701 701 701	Mon. Tues. Wed. Thurs. Fri.	11.50 11.50 11.50 11.50 11.50	Rio-Sao Paulo Rio-Sao Paulo Rio-Sao Paulo Rio-Sao Paulo Rio-Sao Paulo	Rio-Sao Paulo Rio-Sao Paulo Rio-Sao Paulo Rio-Sao Paulo Rio-Sao Paulo
LONDON	741 759 759	Wed. Fri. Sun.	22.00 22.00 22.00	Nordest Nordest Nordest	Sao Paulo-Rio Rio-Sao Paulo Rio-Sao Paulo
MADRID	711 711 711 711	Mon. Thurs. Fri. Sat.	1.00 1.00 1.00 1.00	Nordest Nordest Nordest Nordest	Rio-Sao Paulo Rio-Sao Paulo Rio-Sao Paulo Rio-Sao Paulo
MILAN	731 733 731	Tues. Thurs. Sat.	22.40 22.40 22.40	Nordest Nordest Nordest	Rio-Sao Paulo Rio-Sao Paulo Rio-Sao Paulo
OPORTO	701 709 707 705 701	Mon. Tues. Wed. Thurs. Fri.	18.00 22.00 22.00 22.00 18.00	Lisbon-Rio Lisbon Lisbon Lisbon Lisbon-Rio	Rio-Sao Paulo Rio-Sao Paulo Rio-Sao Paulo Rio-Sao Paulo Rio-Sao Paulo
PARIS	723 727 721 727 723	Mon. Wed. Fri. Sat. Sun.	23.20 23.20 23.20 23.20 23.20	Nordest Nordest Nordest Nordest Nordest	Rio-Sao Paulo Rio-Sao Paulo Rio-Sao Paulo Rio-Sao Paulo Rio-Sao Paulo
ROME	731 733 731	Tues. Thurs. Sat.	21.30 21.30 21.30	Milan Milan-Solovador Milan	Rio-Sao Paulo Rio-Sao Paulo Rio-Sao Paulo
ZURICH	765 765 765	Mon. Fri. Sat.	22.00 21.15 22.00	Nordest Paris Nordest	Sao Paulo-Rio Rio-Sao Paulo Rio-Sao Paulo

The times shown are subject to change without notice.
[Times] made by Executive Travel magazine,
London 1986, 1987, 1988 and 1989

Varig is the airline that offers you the most alternatives in departure times and flights between Europe and Brazil - 30 in all. On all of these 30 weekly flights, passengers will be able

Time to fly
VARIG

FT LAW REPORTS

Dubai bank has capacity to sue

DUBAI BANK LTD v GALADARI AND OTHERS
Chancery Division:
Mr Justice Morritt:
June 19 1990

THE PRINCIPLE of abatement from enquiry into the validity of sovereign acts does not preclude the court from inquiring into the validity of statements made by foreign government officials, unless the object of the action is to determine the constitutionality of their law; and accordingly, where the question is whether a foreign company exists so as to have capacity to sue, official certificates are not conclusive as to the meaning and effect of the foreign law, and the court will weigh the evidence of experts in the field.

MR JUSTICE MORRITT so held when declaring on a preliminary issue that the plaintiff, Dubai Bank Ltd (DBL), had legal status and capacity to sue the defendants, Mr Abdul Latif Galadari and others, for recovery of sums allegedly fraudulently converted to their own use.

HIS LORDSHIP said that until 1971 the emirate of Dubai was an independent sheikhdom. By decree dated March 21 1970 DBL was established as a limited liability banking company subject to Dubai law.

Of the 86,868 founder shares, 58,293 were subscribed by the Galadari brothers.

In 1971 the United Arab Emirates was formed as an independent sovereign federal state. It consisted of a number of emirates, including Dubai. DBL's corporate existence and capacity were unaffected by creation of the Union, but it could be affected by Union legislation.

Law 8/1984 was enacted by the Union in 1984. Article 5 set out seven types of permitted company. Article 6 provided that a company which did not take one of those forms was void.

Article 325 required companies existing when the law came into force to comply with its provisions within one year from its effective date.

The Galadaris and other founder members of DBL sold their shares in April 1985. They ceased to have any responsibility for compliance under article 325.

On February 16 1985 the compliance period was extended by one year to

December 31 1986.

In 1988 Law 13/1988 repealed article 325 and required companies existing when Law 8/1984 came into force to comply with the terms of the Law within two years.

On March 11 1989 Mr Hamdi Abdul Majid was designated the competent authority in Dubai for the purposes of Law 8/1984 as amended. On March 6 1990 he issued a certificate stating the "DBL is a validly existing and incorporated company in Dubai which has continued in existence from the date of its incorporation".

On March 13 1990 the Ministry of Economy and Trade issued a certificate stating that Law 8/1984 had been suspended from July 14 1984 until January 8 1988, and that under Law 13/1988, companies had a fresh two year period commencing January 8 1989 and expiring January 7 1990, in which to "amend their position in accordance with the law".

By writ dated March 14 1989 DBL sought to recover from the Galadaris substantial sums alleged to have been fraudulently converted to their own use.

The question was whether DBL had any legal status or capacity to commence and maintain the action.

The Galadaris claimed that DBL ceased to exist on January 1 1987 on the ground that it had failed to comply with Law 8/1984 by the end of the compliance period, namely December 31 1986.

They claimed that by the time Law 13/1988 was enacted, DBL had ceased to exist, so that the extended period for compliance permitted by that Law was not available to it.

Each side was limited to one expert witness. Both were qualified to give evidence on the aspects of foreign law involved. There was no justification for preferring the evidence of one on all aspects of the case. On each disputed issue their evidence would have to be weighed by the court in the ordinary way.

DBL raised a number of points preliminary to the question of the meaning and effect of Law 8/1984.

The first question was whether the certificates of the Minister and Mr Majid were conclusive. If they were, DBL must be treated as being in existence.

In the case of the Minister's certificate, extension of the article 325 compliance period to January 8 1989 would mean that DBL existed on that date, and was entitled to the further

period permitted by Law 13/1988. In the case of Mr Majid's certificate, non-implementation of Law 8/1984 would mean that articles 6 and 325 never applied to DBL so it could not have become a nullity.

DBL relied on *Duke of Brunswick (1848) 1 ELC 1* which was approved and applied by the House of Lords in *Baines Gas v Hammer (1982) AC 883*. There the Lord Chancellor said "if it is a sovereign act, then whether it be according to law or not according to law, we cannot enquire into it".

The case was clear authority for the proposition that the court could not enquire into the validity of acts done in a sovereign capacity.

But it was not authority for the proposition that the court could not enquire into the legal validity of an act done by a citizen purporting to act on behalf of the sovereign state.

In *A/S Tullis Lasevichius (1947) 80 Ll LR 82, 114, 115* the court held it had not been established that the plaintiff company had ceased to exist under a new constitution. That case was clear support for the Galadaris. In *AG v Buck (1965) Ch 745, 770* two members of the court recognised that the validity of a foreign law might come into question incidentally.

Those two cases simply supported the statement in *Duke of Brunswick* and *AG v Buck* that "there may be circumstances in which foreign legislation may be held by the English court to be unconstitutional under the foreign law. But the court will not entertain an action the object of which is to obtain a determination of the constitutionality of the foreign legislation".

Accordingly, the certificates of the Minister and Mr Majid were not conclusive. The object of the action was not to obtain a determination on constitutionality. Their acts and statements could not affect the law the court must apply unless the constitution or some other law of the Union or Dubai provided they should.

Second, DBL relied on the Dubai Law of Evidence 1971, which provided for certain official documents to be conclusive as to their contents. Under article 6(1)(a) of that Law "official documents... shall be given effect to, unless they are proved to be forged".

The article provided that the document was admissible without further proof, but it did not provide that it was conclusive evidence as to what was stated therein.

The Law was a general law

of evidence which, by definition was not substantive. Its effect was irrelevant to UK proceedings concerned with ascertainment and application of the law of the Union or Dubai.

Third, DBL relied on the same documents and others as proof that implementation of Law 8/1984 was suspended, that the compliance period was extended, and that the law was not implemented in Dubai. It relied on the Civil Evidence Act 1968.

In the English court Union and Dubai law was a question of fact. There was not sufficient evidence to show that the maker of any of the documents had the knowledge or experience required by section 4(1) of the Civil Evidence Act 1972 to render his statement admissible on questions of Union or Dubai law.

The three preliminary points on which DBL relied were rejected.

On the evidence there was no subsequent legislation to suspend the legal force of Law 8/1984, and no resolution was published to extend the compliance period beyond December 31 1986. The court was not concerned with whether Dubai had failed to promulgate laws which it should have done to implement Law 1984.

Accordingly, Law 8/1984 was in force in Dubai from January 1 1985 and the period for compliance allowed to existing companies by article 325 expired on December 31 1986. The Law and article 325 applied to all decree companies in existence on January 1 1985.

The obligation on existing decree companies was imposed by article 325. It was an obligation "to amend their positions in accordance with the Law".

There was no infringement of article 325, so no question arose as to whether DBL failed to comply with Law 8/1984. DBL did not cease to exist on January 1 1987. Consequently it was in existence when Law 13/1988 came into force on January 8 1989.

At the date of issue of the writ and at all times since, DBL had legal status and capacity to commence and maintain the proceedings.

For DBL: Peter Creswell QC, Charles Purle QC, Ian Gearing and Caroline Lewis (Lovers White Darrant)

For the Galadaris: John Griffiths QC, David Hunt QC, Nigel Davis and Peter Clarke (Norion Rose)

Rachel Davies
Barrister



THE RANDFONTEIN ESTATES GOLD MINING COMPANY.
WITWATERSRAND, LIMITED
Registration Number 81/8821/06
WESTERN AREAS GOLD MINING COMPANY, LIMITED
Registration Number 29/8328/06
ELSBERG GOLD MINING COMPANY, LIMITED
Registration Number 65/18724/06
All companies incorporated in the Republic of South Africa

THE RANDFONTEIN ESTATES GOLD MINING COMPANY.
WITWATERSRAND LIMITED
DIVIDEND

A Red dividend, dividend number 110 of 60 cents per share has been declared in respect of the Randfontein estate 30 June 1990

Last date for registration : 13 July 1990
Register close (date indicated) from : 14 July 1990
to : 20 July 1990

Current dividend date (for payments from Randfontein) : 23 July 1990

Date of Payment : 23 August 1990

This dividend is payable subject to the customary conditions which may be imposed at or obtained from the company's Johannesburg office or from the London Secretaries, Barrow Brothers Limited, 99 Mark Lane, London EC3N 1DE.

Holders of shares warrants to bearer should send to the terms of a notice to be published by the London Secretaries late in July 1990.

By order of the Board
JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED
Secretary
per H.M. DE ALMEIDA

WESTERN AREAS GOLD MINING COMPANY LIMITED
ELSBERG GOLD MINING COMPANY LIMITED

NOTICE TO SHAREHOLDERS

The Board has decided to pay the dividend in respect of the financial year ending 30 June 1990.

Head Office and Registered Office:
Consolidated Building
Fox and Hartman Streets
Johannesburg 2001
P.O. Box 596, Johannesburg

27 June 1990

PANAMA

REMAINS THE BEST AND MOST EFFICIENT TAX HAVEN
Panama encourages private foreign investment and we can help you take full advantage of all that this country has to offer.

Our organization is entirely dedicated to the creation and management of off-shore corporations, ship registrations, investment advice, fiduciary management and all related services.

Of particular importance is the colon free zone area and the tax free "Re-Invoicing" facilities in which we are specially experienced.

For further information, please contact:
"INTERNATIONAL BUSINESS & LAW CONSULTANTS"
P.O. BOX 619, PANAMA 5, PANAMA TELEFAX (507) 6916 TELEPHONE (507) 6965

BAHAMAS

The Financial Times proposes to publish a Survey on the above on

10 July 1990

For a full editorial synopsis and advertisement details, please contact:

Nigel Bicknell

on 071-873 3447

or write to him at:

Number One, Southwark Bridge
London SE1 9HL

FINANCIAL TIMES
LONDON'S BUSINESS NEWSPAPER

Vallehermoso, s.a.

GENERAL SHAREHOLDERS' MEETING

The Board of Directors of Vallehermoso, S.A. has decided to call the General Meeting on Friday June 29 at 13.00 hours in the Hotel Principe Plaza, Calle Principe, 40, Madrid, where the following matters are on the agenda.

- I — Examine and approve the Annual Report, Balance Sheet and Company accounts for the year ending December 31, 1989.
- II — Examine and approve the management exercised by the Board of Directors during 1989.
- III — Profit distribution.
- IV — Re-elect members of the Board.
- V — Appoint directors.
- VI — Appoint auditors.
- VII — Minutes of the meeting.

The company's statutes stipulate that in order to be able to attend the general meeting shareholders must own shares with a nominal value of at least Ptas. 25.000 and have them deposited in a bank, which will be the one which issues the corresponding attendance card.

Shareholders can transfer their representation under the terms set out in regulations and in article 11 of the company's statutes.

From now onwards, shareholders can examine at the headquarters in Calle Principe 5 and at the offices at Paseo de la Castellana, 63-65, both in Madrid, the documents which are going to be submitted to the general meeting, as well as the auditor's report. Shareholders can also request the company to send these documents immediately and free of charge.

Given the quorum required by prevailing legislation for the issues that must be discussed at the meeting, it is likely that it will be held on first call.

Madrid, June 4, 1990
Secretary of the Board of Directors

Vallehermoso

FINANCIAL TIMES

NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 1NL
Telephone: 071-873 3000 Telex: 922188 Fax: 071-407 5700

Wednesday June 27 1990

Scrutiny of nuclear power

AN UNCERTAIN defence of nuclear power was delivered yesterday by Mr John Wakeham, UK Energy Secretary. The message was that this Government, if it remains in power, is highly likely to back a new nuclear power station programme in the second half of the 1990s.

Mr Wakeham's continuing commitment to nuclear power was more significant than the other strand of his speech: his re-affirmation of the Government's support for the new power station at Sizewell in Suffolk, the only nuclear plant now being built in Britain. Cancelling Sizewell one third into its construction was not a decision which this Government was likely to contemplate.

The Energy Secretary argued that nuclear power is environmentally benign, because it offers one of the options for reducing the emission of greenhouse gases caused by the burning of fossil fuels. The worry about this approach is not that it lacks merit, but that Mr Wakeham is in danger of pre-empting the Government's own review of nuclear power, which is due to be published in 1994.

The sad history of nuclear power in the UK, including the fiasco over privatisation when the nuclear stations were belatedly removed from the sale, shows how dangerous it is to entrust decisions on this subject to government departments and industrial organisations with a vested interest in the outcome.

Outside scrutiny
The pre-privatisation examination of nuclear power revealed one fact. Estimates for the price of nuclear electricity emanating from the years from 1980 to 1990, and endorsed by the Department of Energy, were far too optimistic. Indeed, the price projections initially used to justify Sizewell before a public inquiry had to be amended when subjected to scrutiny from outside the Energy Department.

Britain's over-centralised and secretive system of public administration meant that only the Energy Department could fully scrutinise the information provided by the nuclear industry.

On the contrary, it emphasises that the EC must respect member countries' national identities by the application of the so-called "subsidiarity" principle, under which the EC institutions do not act on matters which are best done at national level. It talks about strengthening the European Parliament's powers to amend legislation, it also specifies that national parliaments must be more closely involved in exercising democratic control over the EC.

On fundamentals, the Prime Minister stuck to her guns. Nothing that smacked of federalism or undermined national "identities" either in the proposals for monetary or political union, was acceptable to her. The single currency foreseen in the Delors proposals for monetary union remains taboo. What has changed, however, is the tone employed by the Prime Minister to express her strong views, which has become noticeably less harsh.

The softer tone and repeated commitment to full participation in the European Monetary System appear to have made a favourable impression on Britain's partners. The monetary proposals made by Mr John Major, the Chancellor, last week for a "hard Ecu" and a European Monetary Fund instead of the single currency and European Central Bank of the Delors Plan, were at least given a polite hearing. Though it is already clear that they have come too late and will not divert either France or West Germany from going ahead with their more ambitious scheme, the message that the UK from now on plans to be constructive, rather than obstructive, was not lost.

Britain's influence
Mrs Thatcher's new Eurolook, if maintained, should increase Britain's influence within the Community. Some of the other decisions taken at the Dublin summit certainly reflect the pragmatism so dear to British hearts. The document that will serve as the basis for the discussions at one of the inter-governmental conferences in Rome on political reforms to be written into the EC treaties contains something for everyone and does not involve any prior commitment to a federal system.

Another, the Twelve showed a laudable realism and lack of ideological prejudice in the way they handled most of the issues on the agenda, with the exception of South African sanctions where they have not moved fast enough. The fundamental battle between federalists and advocates of an inter-governmental Community has, it is true, been put off once again. Yet it may be that the clash will be less fierce than originally feared when it finally takes place.

It proved inadequate to the task.
The Commons Select Committee on Energy is due to publish a report today on nuclear power, which is already known to be critical of the Government's monitoring role. It will be surprising if the report does not call for a much more open system of information disclosure.

No justification
That would be welcome. But some of the Government's recent nuclear power decisions suggest that it will go unheeded in Whitehall. Earlier this year, for example, Mr Wakeham announced a levy on electricity bills of 10.6 per cent, almost all of which will go to subsidise nuclear power. No attempt has been made by the Energy Department to justify the size of this levy, which amounts to a drain on the pockets of electricity consumers of almost £1bn a year.

A further example was contained in the note sent yesterday by Mr Wakeham to the Select Committee on the costs of Sizewell. This compared the cost of spending the £990m which is still outstanding on Sizewell with that of building a new gas-fired station from scratch, concluding that abandoning Sizewell would save little money.

The note had all the signs of having been written, first, to justify a decision already taken to continue with Sizewell and, second, to head off the Select Committee's report, for instance, to compare the economic case for continuing with Sizewell with alternative investments, such as in energy conservation.

The danger in Mr Wakeham's new justification of Sizewell is that it will help to solve the greenhouse effect - is that it will result in a similarly inadequate analysis at the time of the promised review occurs in 1994. The issue is not whether nuclear power can help curtail emissions of greenhouse gases, but whether it can do so more economically than alternatives. The environmental case for nuclear power needs to be subjected to just as much critical scrutiny, from outside the industry, as the economic case.

Softer tones in Dublin

THE European Community's summit was notable in at least one respect: it was one of the least contentious for a long time. That was not because all the member states were agreed on the complicated issues on the agenda. Although Mrs Thatcher did not attempt to block the two separate inter-governmental conferences on European monetary and political union, to be held in Rome in December, it is probable that she underwent a late conversion on the road to Dublin.

On fundamentals, the Prime Minister stuck to her guns. Nothing that smacked of federalism or undermined national "identities" either in the proposals for monetary or political union, was acceptable to her. The single currency foreseen in the Delors proposals for monetary union remains taboo. What has changed, however, is the tone employed by the Prime Minister to express her strong views, which has become noticeably less harsh.

The softer tone and repeated commitment to full participation in the European Monetary System appear to have made a favourable impression on Britain's partners. The monetary proposals made by Mr John Major, the Chancellor, last week for a "hard Ecu" and a European Monetary Fund instead of the single currency and European Central Bank of the Delors Plan, were at least given a polite hearing. Though it is already clear that they have come too late and will not divert either France or West Germany from going ahead with their more ambitious scheme, the message that the UK from now on plans to be constructive, rather than obstructive, was not lost.

Britain's influence
Mrs Thatcher's new Eurolook, if maintained, should increase Britain's influence within the Community. Some of the other decisions taken at the Dublin summit certainly reflect the pragmatism so dear to British hearts. The document that will serve as the basis for the discussions at one of the inter-governmental conferences in Rome on political reforms to be written into the EC treaties contains something for everyone and does not involve any prior commitment to a federal system.

On the contrary, it emphasises that the EC must respect member countries' national identities by the application of the so-called "subsidiarity" principle, under which the EC institutions do not act on matters which are best done at national level. It talks about strengthening the European Parliament's powers to amend legislation, it also specifies that national parliaments must be more closely involved in exercising democratic control over the EC.

On fundamentals, the Prime Minister stuck to her guns. Nothing that smacked of federalism or undermined national "identities" either in the proposals for monetary or political union, was acceptable to her. The single currency foreseen in the Delors proposals for monetary union remains taboo. What has changed, however, is the tone employed by the Prime Minister to express her strong views, which has become noticeably less harsh.

The softer tone and repeated commitment to full participation in the European Monetary System appear to have made a favourable impression on Britain's partners. The monetary proposals made by Mr John Major, the Chancellor, last week for a "hard Ecu" and a European Monetary Fund instead of the single currency and European Central Bank of the Delors Plan, were at least given a polite hearing. Though it is already clear that they have come too late and will not divert either France or West Germany from going ahead with their more ambitious scheme, the message that the UK from now on plans to be constructive, rather than obstructive, was not lost.

Britain's influence
Mrs Thatcher's new Eurolook, if maintained, should increase Britain's influence within the Community. Some of the other decisions taken at the Dublin summit certainly reflect the pragmatism so dear to British hearts. The document that will serve as the basis for the discussions at one of the inter-governmental conferences in Rome on political reforms to be written into the EC treaties contains something for everyone and does not involve any prior commitment to a federal system.

No one will have been more disappointed by Brazil's defeat in the World Cup football tournament on Sunday than the country's flamboyant 40-year-old President, Mr Fernando Collor de Mello. Had the national team won, it would have been a welcome distraction from the mounting problems facing Mr Collor as he perseveres in what he calls his "mission to save Brazil".

Public support for the President is ebbing fast. Polls show his popularity has almost halved in the past month to 36 per cent. After a turbulent first 100 days, he is sticking to the radical economic stabilisation plan he introduced upon taking office in March, aimed in the first instance at defeating hyperinflation, which had reached 3 per cent a day in the twilight of the discredited Sarney administration. But monthly inflation is now back into double figures, industrial production is forecast to fall by 10 per cent this year, unemployment is rising, and strikes are hitting public and private enterprises.

On a day-to-day basis the 40-year-old President seems to be fighting a battle against insuperable odds. These difficulties tend to obscure his broader longer-term objectives, which go well beyond his stated aim of ending inflation. Nevertheless, the administration faces crucial decisions over the next two weeks, particularly on wage increases and drastic cuts in the public sector payroll. If President Collor fails to fulfil his pledge to cut back the number of state employees and hold down wages, this could spell an end to the President's short-term relief at having an "action president" - whose idea of an official engagement is driving a tank or riding a bicycle on a powerful motorcycle at 180km an hour - after the somewhat Mr Sarney. Yet the state of the nation is such that Mr Collor has no choice but to persevere. His aim is radically to restructure what is the world's eighth-largest economy and also one of its most centralised and protected.

The Collor administration's intention to create a free and open economy is as radical as the President's own. The country's leading financialist, Mr Henrique de Oliveira, says that the year's revolutions were in the eastern Europeans. Not surprisingly he faces serious opposition from the pork-barrel politicians, the bureaucrats and the business cartels who benefited from the old system. Furthermore, the implementation of the plan has run into serious legal and constitutional difficulties. The fourth attempt to stabilise Brazil's economy in as many years, the Collor plan was initially regarded with scepticism by the usually optimistic Brazilians as last year's revolutions were in the eastern Europeans. Not surprisingly he faces serious opposition from the pork-barrel politicians, the bureaucrats and the business cartels who benefited from the old system.

Furthermore, the implementation of the plan has run into serious legal and constitutional difficulties. The fourth attempt to stabilise Brazil's economy in as many years, the Collor plan was initially regarded with scepticism by the usually optimistic Brazilians as last year's revolutions were in the eastern Europeans. Not surprisingly he faces serious opposition from the pork-barrel politicians, the bureaucrats and the business cartels who benefited from the old system.

Spreading his wings
Barry Myers joined Trafalgar House yesterday to become part of Trafalgar House, at the age of 17 and has been there ever since. Yesterday he was named as a main board director at the age of 45. He will also become managing director of Trafalgar House Construction Holdings as part of a reorganisation of the group's construction and engineering operations.

Myers was an "indentured student". That means that the company looked after his training, including sending him to college. He became a quantity surveyor and rose quickly through the ranks. Then in 1976 there was a national building strike going on at the time - he says that he decided that there were better things in life than detecting other people's errors, so he moved to production management. It was from there that he moved to international projects. For a time he was managing director of the Trafalgar House subsidiary, Cementation International. He led the project that built the Sultan Qaboos University in Oman and generally learned about the third world, rich and poor. Ghana as well as Saudi Arabia.

When we first tried to get in touch with Myers yesterday, he was on the telephone to Dikarta. He called back and said that what he really likes doing is "putting construction companies under my wing, bringing them into a divisional structure, providing some form of 'togetherness'".

The strength of Trafalgar House, he claims, is its "spread". "We can do practically everything from digging the hole in the ground to manufacturing the joinery." Myers wants even more spread, but is not expecting any more early acquisitions.

Television bores him, he says; he did not seem interested in watching last night's World Cup game between France and Bulgaria. He has given up squash because "he has seen too many of his friends die young". But he does confess to one hobby: breeding pedigree Herefords.

Three years ago he bought a 70-acre farm in Surrey. "Actually my wife runs it," he says. "All I do is go and talk to the animals." But it seems to work.

Incidentally, I see from the rest of the changes announced at Trafalgar House yesterday that the man responsible for offshore operations is called Syd Fudge.

Green Gas
British Gas is cashing in on the Green movement. Its 2.68m shareholders were yesterday sent a set of documents printed on paper produced from trees grown in a sustainable manner: a new tree is planted for each tree chopped down. Its polythene packaging was printed using non-toxic ink and can be recycled. Even the proxy voting was printed on recycled material.

The company also set new standards in information disclosure by telling its shareholders that the report had consumed 4,300 miles of paper, enough to stretch from London to Nairobi: 87 miles of stitching wire, the distance between London and Dover; and 10,645 kg of printing ink, the weight of two Asian elephants.

Gold fillers
Is eating gold good or bad for the gold market? The topic took up some time at yesterday's Financial Times World Gold Conference in Venice.

Christina Lamb on the mounting problems facing President Collor in his effort to restructure Brazil's economy

A far from level playing field



starting move has allowed the government to defer paying its internal debt, and was designed to choke off liquidity to an extent which in theory made it nearly impossible to circumvent the plan.

But he had failed to take account of the fact that the caretakers of the blocked cruzados were the private financial system, which had learnt to make money from investing under high inflation to well that its share of GDP has risen from 6 to 15 per cent in the past 20 years. Last year, for instance, the car industry earned 30 per cent of its profits from financial speculation, according to Mr Mathias Molina, editor of *Gazeta Mercantil*, the country's leading financial daily. The private sector, which acquired almost vested interest in inflation, immediately started looking for the *jeitinho*, or way round, to convert blocked cruzados into new cruzados. Exemptions for retired people, mostly military and civil servants, quickly led to the creation of fictitious elderly annuities and spurious operations. Frozen funds, moreover, could be used to pay bills and taxes dating from before the introduction of the plan on March 16, so that the most common dodge was to overpay, getting the excess back in cruzados, minus a commission.

Mr Fernando Gentil, head of NMB Bank, says that he "must have received \$1bn worth of proposals to set up companies with backdated contracts. It would have given a stronger message if they had only blocked 50 per cent (of savings) but stuck to it." Three months on, most companies have managed to free their money,

while most of the estimated \$600m still blocked is in individuals' savings accounts - those who voted most enthusiastically for Mr Collor.

Mr Collor's second line of attack was a wage and price freeze cemented by the de-indexation of wages from inflation. But workers are now demanding 166 per cent rise to compensate for inflation since February. This is for one-off adjustments in public utility tariffs made shortly before Mr Collor took office; for a level of 6 per cent inflation in March not compensated for before the wage-price

If President Collor fails to fulfil his pledge to cut back the number of state employees and hold down wages, this could spell an end to his strategy

freeze; and because the freeze itself has proved ineffective in restraining retailers and producers.

His economic team maintains that a return to indexation would lead inexorably to hyperinflation. But their proposal to introduce free collective bargaining was dealt a blow at the end of May when Congress, which had up to then allowed President Collor an easy ride in spite of the minimal representation of his National Reconstruction Party, rejected his bill.

His subsequent decree to give government power to overrule awards by labour courts was declared unconstitutional by the Supreme Court. Several regional labour courts have already awarded 166 per cent increases. Talks between government and unions have broken down, and the government will propose new wage legislation this week.

Equally important to the plan's success will be a forthcoming judgment by the Supreme Court which will rule whether the government's attempts to fire civil servants infringe the constitution. The government ranged on its pledge to fire 360,000 by June 18 and has so far announced only 34,000 job losses, and most of those affected have not been dismissed but sent home on reduced pay. The losers are generally the poorest paid rather than the so-called "maharajahs" of the public sector whom Mr Collor made the main target of his election campaign. The courts may rule that he cannot even do this - as the constitution says wages cannot be reduced except by collective bargaining. If so then they are also likely to rule in favour of re-indexing wages as workers can claim that they have had salaries cut in real terms.

Hopes have faded of turning an 8 per cent budget deficit into a 2 per cent surplus through administrative reform and the privatisation of state companies. Although no figures have been released for the current state of the fiscal deficit, causing the IMF to delay its visit, government officials admit it could still be as high as 5.5 per cent. Plans to sell off one state company a month from June have been held up by the courts.

Against such reverses, President

tional by the Supreme Court. Several regional labour courts have already awarded 166 per cent increases. Talks between government and unions have broken down, and the government will propose new wage legislation this week.

Equally important to the plan's success will be a forthcoming judgment by the Supreme Court which will rule whether the government's attempts to fire civil servants infringe the constitution. The government ranged on its pledge to fire 360,000 by June 18 and has so far announced only 34,000 job losses, and most of those affected have not been dismissed but sent home on reduced pay. The losers are generally the poorest paid rather than the so-called "maharajahs" of the public sector whom Mr Collor made the main target of his election campaign. The courts may rule that he cannot even do this - as the constitution says wages cannot be reduced except by collective bargaining. If so then they are also likely to rule in favour of re-indexing wages as workers can claim that they have had salaries cut in real terms.

Hopes have faded of turning an 8 per cent budget deficit into a 2 per cent surplus through administrative reform and the privatisation of state companies. Although no figures have been released for the current state of the fiscal deficit, causing the IMF to delay its visit, government officials admit it could still be as high as 5.5 per cent. Plans to sell off one state company a month from June have been held up by the courts.

Against such reverses, President

Collor can claim some achievements. He has begun to make a tax system both more efficient and more equitable. In the all-party terms of what is visible to the public, he has sold off cars and mansions belonging to the state. The monthly rate of inflation has been brought down to 10 per cent. Perhaps most significant, he has transformed Brazilian political debate. "Whether Collor's Plan succeeds or fails is in many ways irrelevant," says Mr Amaury de Souza, a sociologist and business consultant. "What is important is that he has changed the whole agenda of public issues."

But his achievements are being undermined by poor management, and by his tendency to set unrealistic targets and then back away from them. With congressional elections due in October, President Collor's principal strategy is to keep inflation down at 10 per cent, his advisers say. He seems ready to do this even at the expense of more unemployment because he sees controlling inflation as a better vote winner. According to one of his economic advisers: "Collor's line is that he may lose as many as 10m votes through high unemployment, but that will leave another 20m voters who will vote for him because of low inflation."

It is not clear this is true. More than half the population is under 25 and has always lived with high inflation. Mr Fred Gibbs, head of Lloyds Bank in São Paulo, says: "People were like mice in a wheel with everything else going round too." Ms Zelia Cardoso, the Economy Minister, agrees. "Our biggest challenge is to end the inflationary mentality."

Congressional elections due on October 3 also mean that President Collor is unlikely to give his full attention to Brazil's foreign creditors for several months. So far, the administration has been making promises of debt negotiation while in practice not paying. This has enabled reserves to be kept at healthy levels and provided vital backing for the stabilisation plan.

As for opening up the economy to outside competition, President Collor's plan has run into considerable hostility from Brazilian companies who fear going out of business or the costs of becoming more efficient and competitive. Until now many industries and multinationals have had virtual monopolies and immediately turn to the state whenever threatened. Computers, for example, cost three times what they would if they could be imported from the US. Mr Collor has endeavoured to change this by abolishing the list of banned imports, and replacing it with tariffs. For cars, as one instance, tariffs were 85 per cent.

Yesterday, however, he announced that these tariffs would be reduced gradually, so that by 1994 the weighted average would fall from 35 per cent to 20 per cent, with maximum tariffs falling from 108 per cent to 40 per cent. This is far less sweeping than business had feared.

While most businessmen pay lip service to the plan, the liberalism they would like is for someone else's industry. As Mr Luis Sulais, President of Cobrasma, an engineering company which is running at only 60 per cent of capacity and has laid off 800 people, puts it: "I'm in a difficult dilemma. What is good for the country is not good for me."

Brazilians have responded to Mr Collor's strong, authoritarian style. The irony is lost on few that his free-marketisers are the most interventionist government the country has ever had, passing 38 interim measures (in force for 30 days until voted on by Congress) and 157 presidential decrees in three months. To retain the support of what he calls the "shirtsleeved and shoelaced", Mr Collor needs to start building his authority on consensus rather than audaciousness.

OBSERVER

World Cup game between France and Bulgaria. He has given up squash because "he has seen too many of his friends die young". But he does confess to one hobby: breeding pedigree Herefords.

Three years ago he bought a 70-acre farm in Surrey. "Actually my wife runs it," he says. "All I do is go and talk to the animals." But it seems to work.

Incidentally, I see from the rest of the changes announced at Trafalgar House yesterday that the man responsible for offshore operations is called Syd Fudge.

Green Gas
British Gas is cashing in on the Green movement. Its 2.68m shareholders were yesterday sent a set of documents printed on paper produced from trees grown in a sustainable manner: a new tree is planted for each tree chopped down. Its polythene packaging was printed using non-toxic ink and can be recycled. Even the proxy voting was printed on recycled material.

The company also set new standards in information disclosure by telling its shareholders that the report had consumed 4,300 miles of paper, enough to stretch from London to Nairobi: 87 miles of stitching wire, the distance between London and Dover; and 10,645 kg of printing ink, the weight of two Asian elephants.

Gold fillers
Is eating gold good or bad for the gold market? The topic took up some time at yesterday's Financial Times World Gold Conference in Venice.



after Junnosuke Inoue, general manager of Mitsui & Co's precious metal division, said that gold-coated chocolate is now available in Japan.

One delegate pointed out that a Tokyo restaurant was offering a meal, called the Gold Plate, in which each course contained gold. He told some jokes about carrots.

The speaker posed the question which split opinion among the experts down the middle. "Is eating gold an encouraging form of new demand for physical gold or an alarming new source of gold scrap?"

Top jobber
Brian Peppiatt, joint chairman of Warburg Securities, retires today at the age of 66. There is no word of what he plans to do next, except perhaps to devote more time to national hunt racing.

Educated at Winchester after the war, Peppiatt made his name at Akroyd & Smithers, which he joined 35 years ago. It is hard to recall in the post-Big Bang period, but individuals like him used to be spoken of with admiration. Peppiatt was

described as the "best jobber of his era" with an uncanny ability to read and anticipate markets.

He became deputy chairman of Akroyd & Smithers in 1976 and is estimated to have made millions for the firm during the time of the great funding crisis, sometimes remembered as the Battle of Watling Street.

At Big Bang Akroyd & Smithers was acquired by Warburg Securities. Peppiatt moved back from the front line of market-making to devote more time to administration. He was joint chairman with Peter Wilmot-Stitwell, and Warburg Securities has more than survived.

Wilmot-Stitwell will now be the sole chairman; Peppiatt can afford to relax if he wants to.

Eurofutures
The futures industry is holding its fourth conference in London this week, but, in perhaps a telling reflection of the growing importance of France's markets, the venue is moving to Paris next year. France's futures exchange, Matif, outstripped London's market in contract volume last year and the exchange is pushing for a higher international profile.

The conference, jointly sponsored by the Futures Industry Association and Futures and Options World, could move back to London the following year as it rotates around Europe.

It could even go to Moscow. John Redwood, parliamentary secretary of state for corporate affairs, told the conference that he had been interviewed on Soviet TV. The interviewer's first question whether the USSR needed a futures exchange to resuscitate its moribund economy.

Cheers!
Graffiti in a Birmingham pub: "There is no such thing as a large Scotch."

Gasper always likes an Opening Night as he thinks it refers to Cliquetage

CHAMPAGNE OF THE SEASON

VEUVE CLICQUOT
LA GRANDE DAME DE LA CHAMPAGNE

Healing the workplace rift

Ralph Atkins on the Fair Employment Act in Ulster

When Northern Ireland Electricity had a vacancy for a postal messenger recently it attracted 1,553 applications from advertisements placed in three local newspapers.

With names deleted, applications were passed to the recruitment department. A shortlist was drawn up, based on criteria monitored by statistical specialists in the company's four-man Equal Opportunities Unit.

All this to ensure a Catholic applicant would have as good a chance of succeeding as a Protestant.

NIE's commitment to fair employment practices may seem bureaucratic, time-consuming and unbusinesslike, but the Government is right behind it. The Fair Employment Act underlines the Government's recognition that the terrorism-riddled history of the province requires a different approach to the mainland, even for a Government pledged to unleashing market forces across the UK.

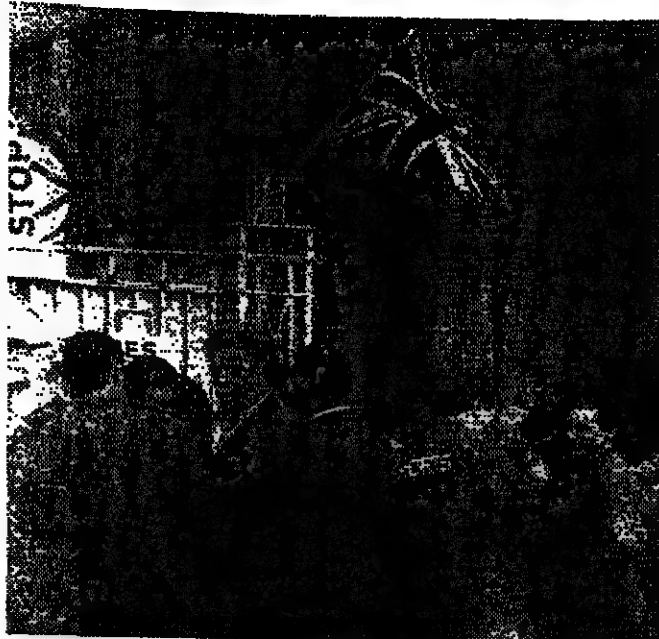
Mr Richard Needham, Northern Ireland's economy minister, says: "You cannot possibly continue to leave to local employers without any form of government regulation the decision as to who and what they employ."

NIE's example, while extreme, is not an unfair exaggeration of the sort of measures companies may have to take as the sixth-month-old act begins to bite. The problem the act seeks to tackle runs deep in a province made up of a patchwork of Protestant and Catholic areas - sometimes marked out with kerbstones painted red, white and blue or the colours of the Irish tricolour.

Nationalist areas tend to be the most deprived. Across the province, Catholic males are two and a half times more likely to be unemployed than Protestants. Pressure for change has been evident since the "Troubles" erupted during civil rights protests in 1968.

The division between the two communities has spilled inevitably into workplaces. In East Belfast, home of Short Brothers, the aerospace company, a report a decade ago on local engineering companies found the Catholics regarded the area as a "no-go" zone. Protestant skilled workers dominated Catholic areas for only 6 per cent of Short's apprentice intake.

Subsequently Short has sought to ensure equality of opportunity. It monitored the composition of its workforce,



Shorts workers outside the factory during the flag dispute

talked to Catholic schools and advertised all jobs externally. It removed questions asking applicants if they had relations working in the company.

More dramatically, it provoked a strike in 1986 by banning flags from factories. The aim was to create a neutral workplace, ending explicit displays of Unionist pride. Currently Catholic apprentices are approaching 20 per cent of the total.

The steps Short has taken could be forced on others by the Fair Employment Act. It goes further than previous legislation, banning direct job discrimination and outlawing "indirect" religious discrimination - unjustified practices which unintentionally create inequality.

The act stops short of setting quotas, but companies can be forced to take "affirmative action" in an effort to create a "balanced" workforce. In the local catchment area, that could include targeting job advertisements at under-represented groups or deliberately locating training schemes in particular areas of the province.

To date the only requirement has been for companies to register with the Fair Employment Commission (FEC) and submit the results of monitoring their workforce. That has

involved labelling the vast majority of employees either "Protestant" or "Catholic".

Potentially the most embarrassing aspect of the FEC for companies is its investigative powers. Reports by its predecessor, the Fair Employment Agency, have produced results that have sometimes surprised even the managers of companies concerned. A recent study of 17 car retailing companies named seven judged not to be giving equality of opportunity.

Charles Hurst, one of the companies criticised in the report on car retailers - says the study was based on four-year-old statistics. But it has clearly been ruffled.

"We have responded positively. We have, and always have been, a fair employer," says Mr Fred Maguire, chief executive. The requirements of the Fair Employment Act are "not so much a burden, but it is a cost."

Mr Bob Cooper, chairman of the FEC, reports apprehension among a number of companies. Most affected, he says, will be the medium-sized companies (the smallest are exempt) which have not monitored their employees before. Employers with more than 25 employees - falling to 10 after January 1992 - have to monitor their workforce.

The next stage for the FEC

will be the setting of "goals and targets" for companies found to have an imbalance. For recalcitrant organisations there is the threat of £30,000 penalties or the loss of lucrative government grants and contracts.

A company's public image and its attractiveness to investors could be affected by FEC displeasure. American companies investing in Northern Ireland are among those most acutely aware of the sensitivity of religious composition, if only because they often face pressure from domestic investors to ensure good practice.

But reaction so far has been low key. Typical is Mr Gordon Coulter, an entrepreneur who runs three building products companies in Killeel on the southern edge of the province. "We have been a company that has always been looking to give people a fair chance," he says he has "no objections" to the Fair Employment Act.

Among many bigger companies, there is little expectation of wholesale change. At the north-western edge of the province, in Catholic-dominated Londonderry, is Desmond and Sons, the textile company whose 2,700 employees in Northern Ireland make clothes for Marks and Spencer.

Here Mr Denis Desmond, whose family has run the company for generations, readily acknowledges that companies have to take on a wider social role as implied in the act.

Details of the company's monitoring report have not been published but are thought to show a 70 per cent Catholic workforce, roughly in line with the local area. "We have to accept that we are part of the wider community," Mr Desmond says.

Northern Ireland Electricity is determined to take its employment practices beyond the letter of the law - the surplus of applications for the post of postal messenger is only an illustration. "Not many mainland companies would spend the money getting inundated with that many applications," says Mr Aidan Sheppard, equal opportunities manager.

Its commitment to fair employment, says NIE, is longstanding and covers not just religion discrimination. Whether as a consequence or not, NIE is able to operate without bias across the community - even in areas where the army tread warily. It shows a willingness to take on a social role that the Government will want to tap.

Corporate governance

An end to hostile takeovers and short-termism

By Martin Lipton

the financial corporate raider obviated the need to find a solution.

Our trading partners in Japan and West Germany are virtually free of hostile takeovers. Their systems produce patient capital and encourage long-term planning and investment. The systems in the United Kingdom and the United States do the opposite.

A new system of corporate governance is required. To start with, the new system should eliminate hostile takeovers. Instead, institutional investors should be encouraged to pursue long-term planning without fear that investment in research and development, plant and equipment, expanding markets and similar

the corporation's projections for the next five years, the assumptions on which they are based and the returns on investment that they would produce if achieved.

If shareholders decide to contest the quinquennial election, they could do so on the basis that if elected they would offer the corporation for sale. As part of their solicitation of votes they could put forward a bid to acquire the corporation or their support for a bid put forward by a third party.

The five-yearly system would permit corporations to pursue long-term planning without fear that investment in research and development, plant and equipment, expanding markets and similar

run the risk of a situation that invites a proxy fight. Since any shareholder or group with the requisite ownership could conduct a proxy fight at the corporation's expense, the threat of a proxy fight would serve to police the actions of the directors not just as they approach the end of five-year intervals, but continuously during the five years. The quinquennial system strikes the needed balance of preserving ultimate shareholder control, but not forcing bad business policies and dangerous leverage on corporations seeking to avoid the threat of takeover.

By preventing hostile takeovers between the five-year intervals, the quinquennial system would facilitate negotiated acquisitions, particularly equity mergers that avoid high leverage. The fear of a raider interfering with a common stock merger forces too many good mergers to be abandoned or structured in a way that overburdens the combined companies with debt. While hostile takeover interference with mergers would be limited, the quinquennial system would have no effect on the ability of shareholders to vote down a merger they do not approve.

The argument that the quinquennial system would entrench management and destroy corporate democracy is not well-founded. We do not deem presidents or prime ministers entrenched because they are not elected annually. We are not less democracies because our officials do not stand for annual election.

However, to the extent that this is found to be a real concern, a solution is simple. The quinquennial system can be structured so that if a corporation fails to achieve at least 80 per cent of its projections for two consecutive years, the holders of 30 per cent of the shares could require a special shareholder meeting to which all of the requirements of the quinquennial meeting would be applicable.

The quinquennial system is worthy of consideration and debate. Obviously it would require a number of changes in statutes, agency regulations and rules of self-regulatory bodies.

In view of the widespread dissatisfaction with the present system, I believe the debate is essential and that it can lead to an effective system of corporate governance for the future. In both the UK and the US we are in the age of finance corporation, and we must develop a system of corporate governance suited to the age.

The author is senior partner of the New York law firm of Wachtel, Lipton, Rosen & Katz.

A new system of corporate governance is required - one that would eliminate hostile takeovers, and elect directors once every five years

their investment but exercise their right to change a strategy that has proved ill-founded.

The new system requires that a majority of the board of directors be independent of management.

It would substitute a quinquennial meeting of shareholders for the annual meeting. Directors would be elected for five-year terms. They would stand for election on the corporation's record for the past five years and its strategic plan for the next five years. Any shareholder or group of shareholders with 5 per cent of the outstanding shares, or shares having an aggregate market value of \$5m or \$5m, would have the same access to the corporate proxy machinery as the management.

Whether or not the election was contested, the proxy statement would be required to contain a summary of the corporation's five-year performance compared to its strategic plan, together with industry averages, stock market averages and other relevant data. It would contain a summary of

short-term depressants on earnings would result in a takeover.

It would remove the pressure on directors to maximize share prices in the short run. It would also remove the pressure on institutional investors to sell out good, successful, well-managed companies just because someone is offering a premium to the market price. Institutions would have an opportunity to be the patient, long-term investors they profess to want to be.

The quinquennial system would assure good management and sound business strategies. The requirement that directors run for election on the corporation's five-year record and its strategic plans for the next five years would assure, if any such assurance is really necessary, that the directors perform their principal function of choosing competent managers and holding those managers to achieving their business plans.

Directors do not want to run the risk of losing a proxy fight. Indeed, they do not want to

LETTERS

Profits versus capital

From Mr David Damant

Sir, We could add three points to Les's comments (June 25) on the payout ratio for shares in British and West German companies.

First, the higher UK payout ratio may reflect higher interest rates generally, requiring also a higher yield on corporate securities and some argue that higher dividends, in up-fronting the money, produce a higher share price in any case.

Second, for many years after the Second World War, German companies were extremely short of capital. Retained earnings were an absolute necessity; and for the same reason pension funds created for employees were often

invested in the company itself. The attitudes bred in those years may persist.

Third, retained earnings have an opportunity cost which can be considered to be the same as the cost of raising new capital. Retained earnings are not free. To argue that all companies should distribute all profits and raise the new money they need in the markets is theoretical, and has practical drawbacks, but it seems a sufficient reason for not regarding the procedure of paying dividends and then raising money separately as something inherently wrong.

David Damant, 68 Lombard Street, London, EC3

Currency suspicions allayed

From Mr Vincent Cable

Sir, On Mrs Margaret Thatcher's main anxieties about European Monetary Union (EMU) seems to revolve around the loss of our currency.

The Prime Minister should travel more frequently to Scotland.

That country has enjoyed monetary union with England for many years. It also has its own currency.

The denomination is close but not identical to that of English currency (the Scots have pound notes), and convertibility at a fixed exchange parity is maintained (except by some suspicious English shopkeepers and cabbies).

There is no reason why, in a

similar manner, British banks should not continue to make available pieces of paper denominated in sterling, and bearing the Queen's head, indefinitely.

Provided the British banks are subject to monetary base control by the European Central Bank, and that a fixed parity is maintained, monetary union can be reconciled with a residual financial identity.

Some minor inconvenience to travellers and extra printing costs represent a small price to pay for providing the more conservative members of society with a little peace of mind.

Vincent Cable, 102 Whitton Road, Twickenham, Middlesex

'It would be tragic to fix the £, within the ERM, overvalued'

From Mr James Morrell

Sir, "Talking up the Pound" (June 15) suggests that entry to the Exchange Rate Mechanism (ERM) should be made "with a rate of not below DM3 as the floor," and with a wide band.

The implication is that the pound sterling has to be high (overvalued?) in order to force inflation down. Profits have to be squeezed to such an extent as to force a rising wave of business failures and a surge in unemployment, the fall in the demand for labour lowering labour cost inflation.

The overvaluation of the pound in 1980-81 ultimately drove unemployment above 10m, and reduced the rate of

pay increase to 6 per cent. In what was almost a controlled experiment, the evidence suggests that, given the present system, unemployment would need to be driven up to 10m to achieve price stability.

The time-lags in all this inevitably span years, and the wastefulness of the whole process - including cuts in investment - must raise the question: is the game worth the candle?

The pound is already overvalued. If DM3 was the appropriate level in 1987, when sterling was being targeted by the UK Treasury at that rate, subsequent changes in consumer prices in the UK and West Ger-

many point to a rate of DM2.60 for 1990. Moreover, the massive UK trade deficit and the weakening of export orders suggest that the pound is definitely overvalued.

It would be tragic to fix the pound, within the ERM, overvalued by as much as 15 per cent. There must be another cure for Britain's malaise, and since market forces take so long, more immediate remedies are called for.

Clearly, British managers need to be educated about the imperative of slashing the rate of pay inflation in order to live with an almost fixed exchange rate. Managers, in turn, have to educate all employees on the

logic of the position. To break inflationary expectations we need a period in which to set this huge educational process in train, and to focus attention on the urgency of the problem a one-year pay freeze should be implemented without delay.

This would facilitate a big fall in short-term interest rates. As you remind us, "there may have to be ways of limiting the potential for equity withdrawal from housing."

In other words, we would need credit controls embracing variable reserve ratios for all leading institutions. Present policies simply will not do.

James Morrell, 1 Paternoster Row, EC4

Europe's Arab neighbours

From Mr Stanley Crossick

Sir, Your leader of June 19 opened by stating that, understandably, Europe's attention has for some time been concentrated on events to its immediate east. You later comment on the fundamentalist victory in recent Algerian elections.

I do not suggest that there is direct linkage between these facts. However, our preoccupation with eastern Europe at the expense of the Middle East carries with it a serious risk.

Millions of Arabs also live under systems which deprive them of both economic benefits and political freedom. Actual or perceived or manipulated threats to peace increase expenditure on armaments, and the failure of progress towards peace increases the sense of frustration.

We should not be seen to

neglect the Middle East, or we risk that region replacing Europe as the world's cockpit. The consequences - increased terrorism, chemical weapons and even nuclear warfare - are too horrific to imagine.

The European Community's founding fathers laid the foundation of peace from which we now benefit. We must find a way of applying their determination, far-sightedness, generosity and imagination to the Middle East, which now needs its own Schuman Declaration.

Is a Middle East Community less feasible now than a European Community appeared to be in 1960?

Stanley Crossick, Belmont European Community Office, 149 Avenue Louise, Brussels, Belgium

Now you know what it feels like to be blind.

There are one million blind and partially sighted people living in Britain today.

At the Royal National Institute for the Blind, we help thousands of them get on with the ordinary business of ordinary life.

The RNIB Looking Glass Appeal has now been set up so we can help fund our schools, colleges, and all the other services we run to help Britain's blind people live their lives to the full.

We need to raise £10 million, and every penny counts. Please give what you can.

I enclose a cheque payable to RNIB or please charge my Access ☐

Visa ☐ card with the amount of £ _____ FT/82

Acc. No. _____

Name _____

Address _____

Postcode _____

RNIB, Freeport 26, London W1E 3JZ

For credit card donations ring Charityline 0839 777772. Calls charged at 25p per min. cheap rate, 38p per min. at peak rate. 17.5p per min. of call charge goes to RNIB.

RNIB
LOOKING
GLASS
APPEAL

Skies over the EC

From Mr R.W. Venables

Sir, You identified the three Cs, collision, congestion and concentration (June 18), as the principal barriers to the achievement of the European ideal.

While these barriers exist, the most important C, the consumer, will not reap the full benefit from an open skies policy. The structure of the industry is too heavily weighted in favour of the flag airlines, and increasing congestion means less room for the emergence of effective competition.

Before 1992 arrives, EC transport ministers should face this reality. As well as addressing congestion and formulating a merger policy with bite, they should recognise that Europe's skies will not be truly open for at least 10 years.

Because lack of available

space both in the air and on the ground and the imbalance of the industry structure of the industry means that the consumer's needs cannot best be met by deregulation. The better alternative solution is a system of constructive regulation.

The UK has practised a system of "regulation with a light touch" for the past 20 years, through the Civil Aviation Authority. The multi-airline policy pursued in the shadow of a dominant national carrier has resulted in a UK airline industry which is stronger than that of any other European country, with many benefits for consumers - and not just limited to hot breakfasts just limited.

The next step is to translate this system into Europe.

R.W. Venables, 46-47 Bloomsbury Square, WC1

INTERNATIONAL COMPANIES AND FINANCE

Argentina telecom sale set to make largest swap

By Gary Mead in Buenos Aires and Our Financial Staff in London

ARGENTINA is set to carry out Latin America's largest debt-equity swap through the sale of 60 per cent of Entel, the nationalised telecommunications company, to Telefonos de Spain and Bell Atlantic of the US.

Entel's privatisation has been in the offing for almost a year and is a key element of President Carlos Menem's platform of economic reform. The deal, which requires final approval from Mr Menem, involves the splitting of Entel into two separate companies based on geographically divided lines.

For Entel South, Telefonos de Spain accepted bid comprised \$114m cash, \$2.18bn debt paper, and \$540m interest outstanding on that debt. For Entel North, Bell Atlantic's accepted bid was \$100m cash, \$1.96bn debt paper and \$372m interest outstanding.

Several other interested foreign operators dropped out of the running in the past few weeks. However, the Italian telecommunications company Siet, in alliance with France Cable et Radio, stayed the

course, only to fall at the final hurdle as its bid was rejected.

For both Telefonos de Spain and Bell Atlantic, the deal is further evidence of their international ambitions.

Earlier this year the Spanish company paid \$388m for Alan Bond's 43.72 per cent stake in Compania de Telefonos de Chile, while this month Bell Atlantic teamed up with Ameritech to buy Telecom Corporation of New Zealand for NZ\$4.25bn (US\$2.49bn). The stake will eventually be reduced to 49 per cent.

Soon after Monday's announcement in Buenos Aires the deal was attacked by Mr Rodolfo Terragno, who as Minister of Public Works during the previous Alfonsín Government failed in an attempt to sell Entel. He criticised as too little the cash paid for what amounts to 60 per cent of Entel.

However, Ms Maria Julia Alsogaray, the state-appointed manager of Entel whose task it was to privatise the heavy loss-making company (in 1989 Entel lost \$1.46bn), had persistently pushed the debt-equity

swap as the sale's most important element.

For many analysts too, the deal's greatest significance is its debt-equity exchange component. Argentina's \$62bn foreign debt makes it the region's third largest debtor, after Brazil and Mexico.

The price finally agreed for the Argentine debt exchanged in the sale was fixed at 13 per cent of face value, a figure close to that on secondary debt markets.

While the sale has been pushed through in double-quick time it has been completed with little of the expected political furor and trades union opposition.

Telefonos has been interested in buying into Argentine telecommunications for at least two years. Its consortium bid is backed by Techint, a local construction and steel company, and by Citibank of the US.

Bell Atlantic's chief partner is the US bank Manufacturers Hanover, which has been involved in several other debt-equity swaps in the country's private sector.

Consortium wins control of Mexican copper mine

By Richard Johns in Mexico City

A CONSORTIUM, led by Mexico's Ingenieros Civiles Asociados (ICA) and entrepreneur Mr Bernardo Quintana Jr, have emerged as the clear winners in bids to privatise Compania Minera de Cananea, Mexico's largest copper mine.

The consortium has offered the knock-down price of only \$465m or the equivalent in Mexican pesos. The price for Mexico's most sensitive property put up for privatisation is a little more than half the original \$910m set by the Government.

Final acceptance is expected shortly by the judicial authorities and the official records responsible for the sale of Cananea, which was declared bankrupt last August - as a means of forcing a reduction in the workforce and eliminating restrictive practices.

The consortium, Caprifer de Cananea, emerged as the only bidder before the Monday deadline. Foreign partners in Caprifer are Teck of Canada and Metallgesellschaft of West Germany.

ICA and Mr Quintana have been sitting on considerable cash following the sale last year of Cementos Tolteca to Cemex, the leading Mexican cement producer.

It is believed that the municipality of Cananea, totally dependent upon the enterprise, will be given a 5 per cent stake in the copper mine - rather than the mine workers' union which was interested in equity participation.

Metallgesellschaft was originally expected to associate in a bid with Mr Manuel Espinosa Iglesias, the chief shareholder in Bancomer before its 1983 nationalisation. Mr Espinosa, however, may have decided to concentrate his resources on regaining a stake in Bancomer, Mexico's second largest commercial bank, which is also due to be privatised.

The Government is reported to have favoured a European rather than a US participation in the copper privatisation, which had failed to get off the ground on two previous occasions. The mine produces 10,000 tons of copper a month.

Grand design for a Norwegian bank

Karen Fossli reports on the problems for Christiania's new president

A tough challenge awaits Mr Sverre Rostoft next month when he takes the helm as president of Christiania, Norway's second largest bank, and with it responsibility for the bank's "grand design" for business development over the next two years.

Christiania, known as Kredittkassen of Christiania in Norway, has ambitious plans to expand into insurance and mortgage credit businesses within its new holding company structure. But Mr Rostoft, who succeeds Mr Tor Mourund, Christiania's president for 13 years, is likely to have other things on his mind.

Mr Mourund, who is to step up to the post of board chairman, will hand over the blueprint of the business development plan.

But Mr Rostoft's ability to implement it may be limited by Christiania's weak capital adequacy position - and he is worried about what might be necessary to put things right.

Already, chances for expanding outside banking are being missed. Storebrand and Uni Forsikring, two insurance companies, were widely considered as candidates for a link with the bank, but recently announced a plan to merge.

Norway's regulators are not likely to be as supportive of a link between the new Uni Storebrand and Christiania, as they might have been of a tie-up between the bank and one of the insurers.

Last month Standard & Poor's, the US-based credit rating agency, took Christiania by surprise when it lowered the bank's credit rating to A-3, its lowest investment grade debt rating. The problem is Christiania's capital

adequacy, distinct lack of quality assets and lingering credit losses.

"While credit losses may not continue to grow, asset quality problems are likely to linger in the short to medium term, frustrating efforts to improve earnings to bolster core capital," believes S&P.

It is true that, for the first four months of 1990, Christiania's credit losses fell 30.2 per cent from the year-earlier figure to NKR356m (\$55.2m) but that may be misleading. Norwegian banks no longer have to estimate credit losses for the year as a whole when booking losses for the individual accounting periods.

Operating profit in the opening period of 1990 dropped to NKR725m from NKR955m because of a reduction in gross income. S&P points out that "it may be difficult to sustain the improvement in operating income which the bank experienced in 1989, which resulted largely from a declining interest rate environment and profits from capital markets activity."

At the end of April the bank had increased assets by NKR25.8bn to NKR146.4bn, largely because of last year's acquisition of Sunnmørsbanken, a medium-sized bank which had earlier run into acute solvency problems.

But, to spruce up asset quality, Mr Rostoft now intends to hold a late, extended spring cleaning of the bank's balance sheet which is likely to continue throughout 1991. "We will start to discard business and unload balance sheet items with the lowest margins and undertake more off balance sheet activity," he explained.

"Big corporate credits" which tend to be business with "thin margins" are the target of Mr Rostoft's spring cleaning. "The big corporate names should fund themselves internationally... there are good corporate names which we can eliminate from our balance sheet without hurting the bank's earnings," he explained.

Compared with banks in the Nordic region, Christiania achieved a 21.85 per cent return on equity in the first four months of the year against an average 20 per cent for Sweden's top five banks. But the Swedish banks have better asset quality by international standards, while their capital adequacy is more in line with Bank for International Settlements (BIS) standards.

It has been estimated that Sweden's banks on average have twice the core capital of Norway's banks. Norway's top two banks are at the low end of the credit-rating spectrum while Sweden's banks are at the top end.

Mr Rostoft's deep concern over Christiania's weak capital adequacy is aggravated by the BIS requirement that total equity should amount to 8 per cent of risk-weighted balance sheet items. "The new BIS requirements for 1992 are already starting to bite. It's coming fast and we all have to adapt and for some [Norwegian] banks this is going to present problems," he admits.

Christiania has set a goal to increase its core capital by 3.5 per cent this year and by 4 per cent in 1991. The bank needs to raise some NKR900m to strengthen core capital to meet BIS requirements.

This assumes asset growth of 10 to 15 per cent, of which around a third would qualify as core capital in BIS terms. Core capital may be able to be increased by NKR2bn by 1992, Mr Rostoft believes.

Taking into account end-December figures of the three banks, group capital ratio in terms of BIS requirements is put at 6.62 per cent. The figure is 8 per cent if equity is calculated according to existing rules which call for a minimum of 6.5 per cent of an asset base comprising total assets less equity and risk-free assets.

The problem for Mr Rostoft is matching strategic goals with financial demands. Christiania this year acquired Sunnmørsbanken, a small regional bank. But, says S&P, "The decision to acquire two regional banks [including Sunnmørsbanken] may be strategically sound but comes at a time when the diversion of staff and resources from the bank's existing operations could negatively affect its overall operating performance and counter any improvements in capital adequacy."

Opel earnings rise by 122%

By Andrew Fisher in Frankfurt

ADAM OPEL, the West German subsidiary of General Motors of the US, expects profits to jump further this year to around DM1.4bn after a rise of 122 per cent in net income to DM1.1bn (\$655m) in 1989. It is paying GM its first dividend for 11 years.

Opel is also still considering whether to make a heavy investment in East Germany at the Eisenach car plant. Mr Louis Hughes, chief executive, said "the chances are decent" that a new plant to assemble 150,000 cars a year would be built there, the biggest uncertainty being production costs. It will make a decision this autumn.

With last year's profits surge, Opel has left its loss-making years of the mid-1980s further behind. As well as striving to trim costs and raise efficiency, it has increased sales and output and improved the image and attractions of its

model range, now including the successful Vectra saloon.

Mr Hughes said performance in 1989 had been helped by the buoyant economy, with turnover up by 19 per cent to DM21.1bn. Opel has just launched its new sports coupé, the Calibra, with this year's planned production of 30,000 cars already sold out. Yearly output will thus be increased to more than 60,000 units by using a Finnish plant of Saab's car division, of which GM has taken control.

Commenting on 1990, Mr Ferdinand Schwenker, finance director, said an even better result would be achieved. The net return on sales, 5.4 per cent last year, would rise at around the same rate as turnover, which he forecast would move up by at least 10 per cent.

Mr Schwenker said corresponding projections of a possible 6 per cent return on sales

and net income of some DM1.4bn "do not lie very far from our own estimates." Contributing to the more than doubling of profits in 1989 was the fact that material and labour costs grew more slowly than revenues.

Elaborating on plans in East Germany, where Opel starts limited Vectra assembly in October, Mr Hughes said important considerations for a new plant would be wage levels and employee readiness to accept a new working environment.

Opel wanted to apply in Eisenach lessons learned at GM's Californian joint venture with Toyota of Japan, where teamwork and decision-making involvement are stressed.

"We want to use the factory as a sort of laboratory," he said. "It is a once-in-a-lifetime chance to start a new operation with everything going the right way."

Former Ward White chairman sues Boots

By Maggie Urry in London

MR Philip Birch, former chairman and managing director of Ward White, the UK retail group, yesterday started a £4.7m (\$7.6m) High Court suit against Boots, which took over Ward White last August following a 2900m contested takeover bid.

Mr Birch is claiming damages, interest on the money and costs.

If he is successful, it is thought it will be the largest pay-off in British corporate history.

Mr Birch said yesterday he was summarily dismissed by Boots after 19 years with Ward White. He said he was "generally considered by independent observers to have done a first-class job for Ward White's shareholders."

Boots has declined to comment on the issue. Mr Birch has already received a lump sum from the pension fund of nearly £1m and is receiving an annual pension of £350,000.

The writ, which formally cites Ward White as the defendant, says that Mr Birch was due five years' notice of the ending of his contract with the company. The contract prom-

ised an annual salary of £17,663 rising at least in line with retail price inflation, plus commission based on profitability, pension contributions, £85,000 a year from the group's US businesses, and a car - although Mr Birch had agreed to pay for petrol and oil. "I assumed while such car was being used for private purposes."

Atlas Copco

Atlas Copco AB

(Incorporated in the Kingdom of Sweden with limited liability)

International Offering of 4,000,000 B Shares

at SEK 320.13 per share

Raising approximately SEK 1.3 billion (US\$213 million)

Global Co-ordinator and Lead Manager

Enskilda Securities

Skandinaviska Enskilda Limited

The management, underwriting and placing of the issue of the Shares have been arranged on a regional basis as follows:

France

Credit Lyonnais Securities

Banque Indosuez

Paribas Capital Markets Group

Banque Nationale de Paris

Caisse des Dépôts et Consignations

Société Générale

Germany

Deutsche Bank

Aktiengesellschaft

Dresdner Bank

Aktiengesellschaft

Sal. Oppenheim Jr & Co

Kommunikationsgesellschaft und Aktien

Switzerland

Swiss Bank Corporation

Investment Banking

Credit Suisse First Boston Limited

Bank J Vontobel & Co AG

Handelsbank Nat West

Swiss Volksbank

BSI-Banca della Svizzera Italiana

Lombard Odier International Underwriters S.A.

Swiss Cantobank Securities Limited

UBS Phillips & Drew Securities Limited

CEI-TDP Union Bancaire Privée

Pictet International Ltd.

United Kingdom

Enskilda Securities

Skandinaviska Enskilda Limited

Barclays de Zoete Wedd Limited

Kleinwort Benson Limited

S.G. Warburg Securities

United States

The First Boston Corporation

Dillon, Read & Co. Inc.

Goldman, Sachs & Co.

Morgan Stanley & Co. Incorporated

Salomon Brothers Inc.

Rest of the World

Enskilda Securities

Skandinaviska Enskilda Limited

Amsterdam-Rotterdam Bank N.V.

Daiwa Europe Limited

Generale Bank

June 1990

HUHTAMÄKI

Huhtamäki Oy

(Incorporated with limited liability in the Republic of Finland)

International Offering of 4,000,000 Series I free shares

at FIM 97.5 per share

Raising approximately FIM 390 million (US\$98 million)

Enskilda Securities

Skandinaviska Enskilda Limited

Kansallis Banking Group

Banque Indosuez

BHF-Bank

Dresdner Bank

Aktiengesellschaft

Lehman Brothers

UBS Phillips & Drew Securities Limited

Dillon, Read & Co. Inc.

Goldman, Sachs & Co.

The First Boston Corporation

Kleinwort Benson Limited

Vereins- und Westbank

Aktiengesellschaft

Global Co-ordinator

Enskilda Securities

Skandinaviska Enskilda Limited

June 1990

Handwritten mark in a box at the top center of the page.



OPEN FOR BUSINESS.

We're very pleased to announce the opening of our office in East Berlin.

Staffed by banking professionals from East Germany and from Salomon Brothers AG in Frankfurt, this new office combines the advantage of local expertise with the capabilities of a global financial institution.

So if you're considering doing any business in Eastern Europe, remember that we're right in the neighborhood.

Salomon Brothers

INTERNATIONAL COMPANIES AND FINANCE

IBM reveals computers that aim for high volume

By Louise Kehoe in San Francisco and Roderick Oram in New York

INTERNATIONAL Business Machines yesterday unveiled a new range of home computers with which it aims to unleash high volume consumer demand for personal computers.

This is the first step in a 10-year march. By the year 2000 the home computer will be as pervasive as the video cassette recorder is today, said Mr Tony Santelli, IBM vice president of new business development and head of the team that has developed the new PS/1 home computers.

"We are taking the personal computer out of the specialist market and putting it into the mass market," added Mr Bill McCracken, IBM vice president of distribution channel management. IBM will offer the PS/1 computers in US department

stores as well as through its established computer dealers.

The PS/1 computers range in price from \$999 to \$1,999. Based on the Intel 286 microprocessor, the PS/1 is compatible with IBM's existing PS/2 office-style personal computers and share many technical features. All PS/1s sold in the US will incorporate a modem which can be used to connect the computer to on-line information services. Options include a colour screen and hard disk drive.

However, the home computers incorporate features that make them much easier to set up and to use, including built-in software that puts instructions on to the computer screen as soon as it is switched on.

To overcome the complexities of computing, IBM will offer on-line assistance to PS/1 users via Prodigy, its videotext on-line information service joint venture with Sears Roebuck. PS/1 purchasers will be given a 90-day free subscription to Prodigy and the option to continue using the service at a cost of \$10 per month.

IBM is introducing the PS/1 in three regions of the US now: Chicago, Dallas and Minneapolis. By the fourth quarter it will be available throughout the US and a launch in Canada later this year is also planned.

IBM will begin introducing the PS/1 in Europe in the fourth quarter, but it will lack some features such as the modem and the link with databases such as Prodigy. IBM said the lack of a pan-European data service necessitates this approach but it will evaluate the services on a country-by-country basis to see if they can be added later.

Continental Bank to shed staff and post loss

By Karen Zager in New York

CONTINENTAL Bank, the Chicago commercial bank, yesterday said it would cut its payroll of 6,730 by about 13 per cent and report a second-quarter loss after establishing a \$50m special pre-tax reserve to cover the costs.

Although Continental's shares fell 7 1/2% yesterday to \$15 1/2 at midday on the New York Stock Exchange, trading was fairly light and the news had little effect on a market which has already been battered in recent months by the ill fortune of the US banking industry.

Continental's share price has suffered in recent months from concern over the bank's high concentration of real estate and its exposure to highly leveraged transaction loans.

In April, Continental reported a 25 per cent plunge in first-quarter income to \$66.7m or 89 cents, including extraordinary gains of \$34m.

Continental said it planned to leave several unprofitable businesses including futures and options execution and clearing.

Chrysler to buy car rental group to fight falling market share

By Martin Dickson in New York

CHRYSLER, the US vehicle manufacturer, is to buy Dollar Rent-A-Car Systems, which claims to franchise the fourth largest worldwide motor rental system, in the latest of a series of tie-ups between US car makers and rental groups.

The purchase price was not disclosed but Chrysler said rental revenues for Dollar and its franchisees totalled more than \$600m last year.

US car manufacturers, concerned about their declining domestic market share and the influx of Japanese competitors, have been rushing to form links with rental groups in an attempt to secure captive markets for their products.

Dollar is a California-based company which began life in 1958 when its owner, Mr Henry Caruso, set up a single outlet in Los Angeles. It now operates from 1,000 locations and has an average yearly rental fleet of 80,000 vehicles, 51,000 of them in North America.

It specialises in "in terminal" operations at every large US airport and most medium and small hub ones. This means that it has rental coun-

ters inside the airport terminals, which gives it a big advantage in attracting business travellers.

Chrysler acquired two other rental companies last year. One was Thrifty, which has an average yearly fleet size of 45,000 vehicles, 37,000 of them in North America, and operates an "off-airport" network. This means its facilities are located slightly away from terminals, which reduces its overheads and allows it to be more competitive on price.

The other was Snappy, with 20,000 cars, which specialises in temporarily replacing cars for drivers whose normal vehicle has been damaged.

Mr William Loback, chairman of Chrysler's Pentastar car rental holding company, said Dollar's performance had been particularly impressive over the past three years and the company's in-terminal operations would complement Thrifty and Snappy.

Chrysler's share of the US car market has fallen sharply this year. Dollar will be a large customer, since it buys 70,000 to 80,000 vehicles a year.

Correction Notice
Sonatrach
Société Nationale pour la Recherche, la Production, la Transformation et la Commercialisation des Hydrocarbures
U.S. \$50,000,000
Guaranteed Floating Rate Notes due 1986 to 1992
For the six months 13th June, 1990 to 13th December, 1990 the Notes will carry an interest rate of 9 1/4% per annum.
Listed on the Luxembourg Stock Exchange
Bankers Trust Company, London Agent Bank

ENI INTERNATIONAL BANK LIMITED
US\$200,000,000
Guaranteed floating rate notes due 1993
Unconditionally and irrevocably guaranteed by Ente Nazionale Idrocarburi
In accordance with the terms and conditions of the notes, the rate of interest for the interest period June 27, 1990 to September 27, 1990 has been fixed at 8 1/4% per annum. Interest payable on September 27, 1990 will be US\$214.03 per note of US\$10,000.
Agent: Morgan Guaranty Trust Company
JPMorgan

Abbey National Treasury Services PLC
GB £120,000,000 Subordinated Floating Rate Notes due 1995
Notice is hereby given that for the interest period from 27th June 1990 to 27th September, 1990, the Note will carry a Rate of Interest of 15.5875% per annum. The amount of interest payable on 27th September, 1990, will be GB£67,714,694.80.
Agent Bank: Dai-ichi Kangyo Bank (Luxembourg) S.A.

ALLIANCE AND LANCETER BUILDING SOCIETY
Japanese Yen 10,000,000,000 Floating Rate Notes due 1993
In accordance with the provisions of the Notes, notice is hereby given that for the six month period 27th June, 1990 to 27th September, 1990, the Notes will carry an interest rate of 7.85 per cent. per annum. The Company will be Japanese Yen 353,466 on the Notes of Japanese Yen 10,000,000. The relevant interest payment date will be 27th December, 1990.
Mitsui Finance Trust International Limited (Agent Bank)

aquitaine uk limited
£366,015,000
Guaranteed Unsecured Floating Rate Notes 2003.
For the six months 22nd June, 1990 to 24th December, 1990, the Notes will carry an interest rate of 14.9% per annum with an interest amount of £377.60 per £5,000 Note, payable on 24th December, 1990.
Bankers Trust Company, London, Agent Bank

Household Bank S.A.
U.S. \$100,000,000
Collateralised Floating Rate Notes due June 1994
For the three months 24th June, 1990 to 24th September, 1990, the Notes will carry an interest rate of 8.525% per annum with an interest amount of U.S. \$1,089.31 per U.S. \$50,000 principal amount. The relevant interest payment date will be 24th September, 1990.
Listed on the Luxembourg Stock Exchange
Bankers Trust Company, London, Agent Bank

GRANVILLE SPONSORED SECURITIES									
High	Low	Company	Price	Change	div	Yld	P/E		
343	280	Am. Int. Tel. Ordinary	280	0	10.3	3.7	1.3		
38	19	Amstar and Rhoder	25	0	4.5	2.9	3.6		
210	125	Barton Group (GB)	130	-1	4.5	2.9	3.6		
125	95	Barton Group Co. Prof (GB)	97	0	6.7	8.4	12		
223	70	Bray Technologies	70	0	5.9	8.4	12		
110	82	Brownhill Corp. Prof	82	0	11.0	13.4	6		
315	285	CCZ Group Ordinary	300	0	10.7	5.9	2.5		
176	163	CCZ Group 11% Cum. Prof	164	0	14.7	10	0		
225	140	Carls Pk (GB)	215	0	7.8	3.5	12.6		
110	109	Carls 7.5% Prof (GB)	110	0	16.3	9.4	0		
7.5	0.125	Magnum Co New-Vestport Co.	0.1	0	0	0	0		
7.5	0.125	Magnum Co New-Vestport Co.	0.1	0	0	0	0		
330	60	Idis Group	60	-2	8.8	13.3	3.4		
145	98	Jackson Group (GB)	125	-18	3.6	2.9	14.1		
345	205	Matheson NV (Am/GB)	325	-5	0	0	0		
136	98	Robert Andrew	130	0	10.6	17	4.7		
467	350	Scrivens	350	0	10.8	6.3	8.9		
145	106	Valent European Corp Prof	106	0	9.3	5.8	0		
395	235	Veterinary Drug Co. PLC	235	-5	22.8	6.8	6.3		
382	278	W.S. Yates	302	0	16.2	4.2	10.8		

Securities designated (GB) and (US) are dealt in dollars in the notes and regulations of the ISE. Other securities listed above are dealt in pounds in the notes and regulations of the ISE. These securities are dealt in dollars in a number of markets including the International Securities Exchange, London. Granville Securities Limited are market makers in these securities.
* These securities are dealt on a restricted basis. Further details available.

Independent Company Exchange Limited
77 Newell Street, London E1 8AF
Telephone 071-488 1212
Member of TSA

Granville Securities Limited
77 Newell Street, London E1 8AF
Telephone 071-488 1212
Member of The ISE & TSA

Apple finds new US president

Apple Computer has reached outside the company to find a new president for its US operations, writes Louise Kehoe.

The company yesterday announced the appointment of Mr Robert Pucette, formerly with Hewlett-Packard, to fill the post vacated in January by Mr Allen Loren, who abruptly resigned.

Mr Pucette will be responsible for Apple's US sales, marketing, support and distribution activities. He comes to Apple after a 24-year career at Hewlett-Packard, where he led the start-up, development and expansion of Hewlett-Packard's personal computer business. His most recent position at Hewlett-Packard was general manager, Personal Computer Group.

Apple Europe said in Cork yesterday that it intended to invest \$40m in establishing a new North European Operations Centre in Apeldoorn, Holland, complementing its manufacturing operations in Ireland, adds Alan Cane.

Zapata close to deal for sale of drilling fleet

ZAPATA Corporation, the financially troubled group whose activities include the exploration and production of oil and gas, and commercial fishing and processing, said it was close to a deal to sell its 12-rig offshore drilling rig fleet. It is discussing the sale with "a number of potential buyers," said Mr R.C. Leaster, chairman, at the annual meeting, Denver reports.

An official said if a sale was not completed, "then it's Chapter 11 (bankruptcy)." Zapata, in common with most offshore drilling companies, has been plagued by losses in recent years because there are too many offshore rigs chasing too little business, particularly in the Gulf of Mexico.

Corning income slips 3%

By Karen Zager

CORNING, the US specialty glass group which last year changed its name from Corning Glass Works, yesterday reported a 3 per cent decline in second-quarter net income, reflecting market disruptions in South Korea and softness in the US economy.

Net income for the three months ended June 17 fell to \$67.1m or 71 cents a share from \$69.4m or 76 cents a year earlier, although sales in the three months grew 17 per cent to \$678m from \$579.8m.

Sales grew only 6 per cent, however, when adjusted for the consolidation of Silecor which was formerly an unconsolidated affiliate. For the first half, Corning's net income was \$114.3m or \$1.29 a share against \$111.8m or \$1.23 on sales of \$1,285m against \$1,118m a year earlier. Corning said that improved operating profits in the latest quarter were more than offset by a sharp decline in equity-company income, mainly from its joint venture in South Korea.

Most analysts had expected improved profits in the second quarter and shares in Corning dropped 3 1/2% to \$43 1/2 in moderately active trading yesterday on the New York Stock Exchange.

The US group said sales from its laboratory services and communications businesses grew significantly in the second quarter, while the performance of Corning's specialty materials business was flat.

Sales of consumer housewares weakened in the three months. This was attributed by Corning to turmoil in the US retail market and a change in Corning's normal seasonal credit programmes.

All of these securities having been sold, this advertisement appears as a matter of record only.

8,050,000 Shares

Transatlantic Holdings, Inc.

Common Stock

(par value \$1.00 per share)

1,380,000 Shares

This portion of the offering was offered outside the United States by the undersigned.

Goldman Sachs International Limited

Banque Bruxelles Lambert S.A.	Crédit Lyonnais Securities	Credit Suisse First Boston Limited
Deutsche Bank	Kleinwort Benson Limited	Lehman Brothers International
Morgan Stanley International	The Nikko Securities Co., (Europe) Ltd.	NMB Postbank Group N.V.
Salomon Brothers International Limited	ÜberseeBank	S.G. Warburg Securities

6,670,000 Shares

This portion of the offering was offered in the United States by the undersigned.

Goldman, Sachs & Co.

Bear, Stearns & Co. Inc.	The First Boston Corporation	Alex. Brown & Sons	Dillon, Read & Co. Inc.
Donaldson, Lufkin & Jenrette	Hambrecht & Quist	Kidder, Peabody & Co.	Lazard Frères & Co.
Lehman Brothers	Merrill Lynch Capital Markets	Montgomery Securities	Morgan Stanley & Co.
PaineWebber Incorporated	Prudential-Bache Capital Funding	Robertson, Stephens & Company	
Salomon Brothers Inc.	Smith Barney, Harris Upham & Co.	Wertheim Schroeder & Co.	
Dean Witter Reynolds Inc.	Advest, Inc.	Allen & Company	William Blair & Company
Cowen & Company	Dain Bosworth	A. G. Edwards & Sons, Inc.	Oppenheimer & Co., Inc.
Piper, Jaffray & Hopwood	Prescott, Ball & Turben, Inc.	Rauscher Pierce Refines, Inc.	
Raymond James & Associates, Inc.	The Robinson-Humphrey Company, Inc.	Sutro & Co.	Tucker Anthony
Baird, Patrick & Co., Inc.	Bateman Eichler, HRI Richards	Boettcher & Company, Inc.	
Brean Murray, Foster Securities Inc.	Corning & Company	Crowell, Woodson & Co.	
Dominiack & Dominiack	First Manhattan Co.	Fox-PRI, Kelton Inc.	Interstate/Johnson Lane
Janney Montgomery Scott Inc.	Ladenburg, Thalmann & Co. Inc.	Legg Mason Wood Walker	
Neuberger & Berman	Scott & Stringfellow Investment Corp.	Wedbush Morgan Securities	

June 1990

Advertisement appears as a matter of record only.

WESTINGHOUSE CREDIT

£250,000,000

STERLING & EURO COMMERCIAL PAPER PROGRAMME

To support the business financing activities of Westinghouse Credit Corporation's London-based affiliate, Westinghouse International Capital, Ltd.

Arranger

Barclays de Zoete Wedd Limited

Dealers

Barclays de Zoete Wedd Limited
NatWest Capital Markets Limited

Issuing and Paying Agent

National Westminster Bank PLC



BARCLAYS de ZOETE WEDD

June 1990

INTERNATIONAL COMPANIES AND FINANCE

Dai-ichi Mutual in \$312m US alliance

By Martin Dickson in New York

DAI-ICHI Mutual Life Insurance, Japan's second largest life insurance company, is to pay some \$312m for a 9.4 per cent stake in the India-based Lincoln National - the largest investment in a US insurer by a Japanese one.

The two companies said yesterday that they had formed a strategic alliance to develop business relationships in investment management, reinsurance, pension products and group health products.

Dai-ichi Mutual, the third largest insurer in the world, is to buy two new series of Lincoln National convertible preferred stock, valued in total at \$312m.

The first series, to be bought immediately, will give it a 5 per cent stake in the group. The second tranche, which will probably be acquired in May next year, will boost its stake to 9.4 per cent.

Lincoln National is the seventh largest publicly-held insurance and investment management company in the US with 1989 net income of \$268.8m, revenues of \$8.1bn and assets of \$25.1bn.

While Japanese houses have taken substantial stakes in Wall Street securities firms over the past few years, this is believed to be the first large investment in an insurer, although Tokyo Marine bought Houston General for \$50m some 10 years ago.

Mr David Seifer, an analyst at broking firm Donaldson Lufkin & Jenrette said the Lincoln deal could be the forerunner of others. The pact would allow Lincoln to reduce its leverage, while Dai-ichi Mutual would benefit from the US company's knowhow.

"But the future depends on what Lincoln can do with this capital and how they perform in developing products for Dai-ichi in the Japanese market," he added.

A Lincoln official said the group hoped to be able to sell its domestic products to Dai-ichi Mutual clients with subsidiaries in the US, while the link-up should also improve its knowledge of the Japanese capital markets. It hoped it would also improve the visibility of its investment capabilities in the international equity markets.

The new shares will reduce its debt-to-equity ratio from 28 per cent to 18 per cent.

The two companies already had a limited relationship. They reached a reinsurance agreement in 1987, and Mr Ian Holland, chief executive of Lincoln, said relations between the two stretched back almost 30 years.

"This is an alliance for two companies who are familiar with each other's strengths and values," he added. Shares in Lincoln National rose \$3 to \$55½ in early trading yesterday on the New York Stock Exchange.

National Australia Bank quits stockbroking sector

By Bruce Jacques in Sydney

NATIONAL Australia Bank (NAB), one of Australia's Big Three private banks, is quitting the country's troubled stockbroking industry.

Mr Nobby Clark, NAB managing director, announced yesterday that the bank would withdraw from Melbourne-based A. C. Goode, its wholly-owned stockbroking arm which is one of the country's oldest broking firms.

Mr Clark said this followed a review of activities and the decision to focus more sharply on core banking. He said all options for Goode were being reviewed and it is understood that the broker will not close immediately.

But industry operators indicated that the bank was unlikely to find a buyer for Goode equity, and ultimate closure was therefore considered likely.



Scandinavian Finance BV

(Incorporated in The Netherlands with limited liability)

US\$70,000,000

Floating rate serial notes

due December 1993.

Guaranteed on a subordinated basis by Scandinavian Bank Group plc

(Incorporated in England with limited liability)

For the six months 27 June 1990 to 27 December 1990

In accordance with the provisions of the notes, notice is hereby given that the rate of interest has been fixed at 8 1/8 per cent and that the interest payable on the relevant interest payment date.

27 December 1990 against Coupon No. 14 will be US\$348.21 per US\$5,000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

Tortuous twists in a Bond thriller

Andrew Freeman previews tomorrow's investors' meeting in London

As Bond Corporation, the main quoted company in Mr Alan Bond's Australian corporate empire, prepares for tomorrow's meeting in London of investors in its convertible debt, some bondholders are preparing to take the company to the brink of liquidation to obtain a better deal.

They are angry because they believe Bond Corp has tried to force them to give up their remaining rights in the vague hope that they might get some money back in a few years' time.

They want the company to put an alternative on the table, such as an option giving them the chance to sell their bonds back to Bond Corp at a deep discount.

In particular, they say the call for them to wave through the ASX listing (US\$4.4bn) sale of Bond Brewing Holdings to Bell Resources, an independently managed affiliate of Bond Corp, is an onerous request.

It involves them giving up the protective covenants which give the bondholders their remaining vestige of control over the brewing assets. The Swan, Castlemaine XXXX and Toohey's brewing business is vital because it is the largest asset in the group capable of producing substantial earnings.

"People who hold just Bond

Corp's convertible paper saw it peak at \$1.20 - now it's worth 5 cents. They have already written off a huge amount; why should they trust Bond Corp again by giving up their covenants?" asked Mr Paul Curtis Hayward, specialist convertibles sales officer at James Capel, the broker which makes markets in both Bond Corp and Bell Resources paper.

In addition, they are being asked to give up an interest payment due at the end of this month and approve a one-year moratorium on further payments. This means suspending immediate receipt of \$4.5m and \$11.5m on the two convertibles directly concerned.

The two issues convertible into Bond Corporation are a \$200m 5 1/2 per cent issue and a \$80m 6 per cent deal, both due to mature in 1997. They were issued for Bond Finance International.

In return for a waiver, holders would be given a promissory note which, in the event of the group's subsequent liquidation, would place them further up the ranking of creditors.

However, according to Mr Peter Lucas, a director of Bond Corp, if bondholders insist on the payments and the group has to be liquidated then the money can be recovered later to pay off higher-ranking creditors.



Alan Bond: Empire faces complicated problems

A minority of investors wants Bond Corp to signal its good intentions by offering them some sort of buy-back option.

"A guarantee that subordinated holders will get a percentage of any pay-out to senior and secured creditors would be one way Bond Corp could lend credence to its assertion that it will provide higher value to the securities than liquidators would," said Mr Curtis Hayward. "This is a constructive suggestion; we want to see maximum value for investors."

Bond Corp has ruled out such a deal on legal grounds. "We are offering a promise

that a precise proposal for the restructuring of the group will follow the sale of the brewing assets," Mr Lucas said last week.

However, the complicated problems faced by Bond Corp make it likely that the measures will be approved by most bondholders.

Investors with a strong requirement for income-yielding investments would have sold their Bond interests long ago as the group's debt servicing problems began to unfold.

Many of the remaining holders also own paper in Bell Resources and stand to see a greater return on those assets if they vote through the buy-back sale.

Tomorrow's meeting could be over before it begins if Bond Corp fails to gain the necessary quorum.

For the first resolution on the sale of the brewing assets, it needs a 75 per cent majority from holders of half the issues by value. For the coupon waiver, a stiff 66 per cent quorum must give a 75 per cent approval.

If the meeting is inquorate, Bond Corp can quickly call an adjourned meeting where much smaller participation is required. In that event, the measures are likely to be passed.

Singapore to double limit on bank holdings

By Gordon Cramb

SINGAPORE is to double the limit on the holding foreigners can own in local banks to 40 per cent of their capital, according to Mr Lee Ek Tieng, managing director of the Monetary Authority of Singapore (MAS), the country's quasi-central bank.

Overseas investors have been enthusiastic buyers of the banks' shares - but the news yesterday caused consternation. Shares registered as being foreign-held are traded separately and had commanded premiums of as much as a third over their locally owned equivalents.

In London trading yesterday, foreign shares in OCBC, one of the island's Big Four banking groups, plunged to \$98 from \$100.80, although they remained above the \$95 price for locally held units.

Mr Lee, although giving no timetable, said: "In view of the recent developments in the capital market and the greater maturity of the banking industry, a rationalisation of the foreign ownership limit... was considered necessary."

The existing limit of 20 per cent on finance companies would remain, as would the 5 per cent ceiling which any single group of foreign shareholders could own in a bank.

Mr Mike Franklin of Singapore-based Kim Eng Securities said: "It might be several months before the premium builds up again."

Malaysian offer oversubscribed

By Gordon Cramb

EDARAN Otomobil Nasional (EON), the sole distributor of the Proton Saga, Malaysia's national car, said yesterday that its public offering of 13.1m shares was 22 times oversubscribed. AP-DJ reports from Kuala Lumpur.

The government-controlled company floated 30 per cent of its 120m shares at M\$4.30 each, allotting 13.7m units principally to state investment funds and about 4.2m shares to its employees and car dealers.

EON received applications for 301.8m shares in the public offering. The company is expected to be listed on the Kuala Lumpur Stock Exchange by mid-July.

The offering reduces the Government's stake to 49 per cent from 65 per cent.

The Power of Ideas: Rule 144A

These securities have not been registered under the Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. These securities having been previously sold, this announcement appears as a matter of record only.

June 1, 1990

2,790,000

Rule 144A

American Depositary Shares ("ADSs")

Representing

930,000 Class B Shares

of

Atlas Copco AB

(a Swedish Corporation)

The Offer Price was \$17.60 per ADS

This issue was part of the international offering of 4,000,000 B Shares. The First Boston Corporation was the regional lead manager of the offering of the Rule 144A ADSs in the United States under Rule 144A to Qualified Institutional Buyers.

The First Boston Corporation

Dillon, Read & Co. Inc.

Morgan Stanley & Co.

Incorporated

Goldman, Sachs & Co.

Salomon Brothers Inc

Global Coordinator

Enskilda Securities

Standardinvest Enskilda Limited

More than a tombstone, the successful completion of this transaction is a milestone. This is the first U.S. equity offering under the SEC's new Rule 144A. For international corporations, it takes the promise of far greater access to the U.S. markets and makes it a reality.

It is no coincidence that the U.S. lead manager is First Boston, the CS First Boston operating company in the Americas. We played a leading role in developing Rule 144A. The fact is, we were the first investment bank to recognize and aggressively promote the benefits of Rule 144A.

For many international issuers, it offers access to the world's largest pool of funds at a lower cost of capital.

For qualified U.S. institutions, Rule 144A broadens the selection of investment opportunities provided by leading international companies.

CS First Boston is ideally positioned to have led the development of the Rule 144A market. We pioneered globalization of the world's capital markets to benefit clients around the world. Today these clients have made us the leader in international public and private equity offerings, worldwide.

First Ideas, Then Results.

Renault Credit launches FFr700m three-year deal

By Tracy Corrigan

LOWER interest rates in the French bond markets persuaded another French company to tap the sector.

Renault Credit International brought a FFr700m three-year Eurobond offering. The 10% per cent bonds were issued via Banque Nationale de Paris.

French companies appear to be taking the view that interest rates are at or near their low point.

Yields have fallen a further 20 basis points during the last week, despite a lack of aggressive buying.

Saint-Gobain, the French glass-maker, increased its five-year issue to FFr1bn on Monday, and Moët-Hennessy Louis Vuitton, the French drinks and luxury products group, is expected to bring a FFr1bn issue of five- or seven-year bonds shortly.

Investor demand is mainly from France, prompting some dealers to suggest that the issues are domestic bonds in Eurobond form.

French domestic bonds cannot have maturities

of less than seven years.

Also in the French credit sector, Interfinance Credit National issued FFr500m of zero coupon bonds with redemption linked to the CAC French stock index.

In the equity-linked sector, Thermes, a US technology company, brought a \$30m issue of convertible subordinated debentures, some of which will be placed in the US under the recently-introduced rule 144A, which allows private placements there to be traded more actively.

A public issue in the US would have been more likely to depress the company's stock price, according to Lehman Brothers International, the lead manager. The company has a market capitalisation of \$150m.

The proceeds will be used to fund the development of several new products, including a nitrogen-based bomb detector.

The bonds are convertible into shares at a price of \$15%, at 0.5 per cent premium to Monday's closing share price

on the American Stock Exchange.

The issue was bid at its issue price of par.

Meanwhile, another Mexican borrower tapped the D-Mark sector.

Banco Nacional de Comercio Exterior, the Mexican state-owned bank, brought a DM100m issue of five-year bonds, which carry a coupon of 11 per cent.

The high coupon attracted mainly retail investors. The issue was bid at less than 1/2 point, substantially within 2 point fees.

© CANADA'S Andre Perry Group is offering to buy back its 5.5 per cent 1995 Swiss franc convertible bonds which were declared in default in May 1989, Banque Indosuez said as agent.

Originally a total SF250m was issued but the amount outstanding is only SF14.95m. Investors accepting the offer must present their bonds to Banque Indosuez in Geneva by July 4. Settlement date will be August 7.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount	Coupon %	Price	Maturity	Face	Book runner
FRANCE						
Renault Credit Int'l (a) (b)	700	10%	101%	1993	1 1/2%	BNP
Interfinance Credit National (b)	500	Zero	100	1995	2 1/2%	BNP
MEXICO						
Banco Nac. de Comercio (a) (b)	100	11	100	1995	2 1/2%	Swiss Bank Corp (Germany)
USA						
Thermes Inc. (a) (b)	30	8 1/2	101.50	1998	1 1/2%	Deutsche Bank
USA						
Thermes Inc. (a) (b)	30	8 1/2	101.50	1998	1 1/2%	Deutsche Bank

(a) Convertible. (b) Final terms. (a) Non-callable. (b) Redemption linked to CAC-40 index. (c) Coupon payable semi-annually. Conversion price: \$15% with conversion premium of 10.6% over Monday's close.

Code boosts US swaps market

By Deborah Hargreaves

THE US swaps market has received a boost from an amendment to the US bankruptcy code which was signed by President George Bush on Monday. The amendment enforces netting provisions for swap agreements in insolvency cases.

Netting provisions reduce the risk of portfolio swaps and related off-balance sheet products.

"This reduces potential credit exposures of hundreds of millions of dollars," said Mr Mark Brickell, chairman of the

International Swap Dealers Association.

The swaps market has been one of the most successful financial innovations of the 1980s and has reached a current level of \$1,000bn. ISDA has been active in trying to ensure the enforcement of its netting provisions on a global basis since it underlines the creditworthiness of the market.

The provisions would net out the swap values between two counterparties in the event of one party going bankrupt. This reduces the exposure of the

non-defaulting party in the swap contract.

Since the new law reduces the credit risk of holding portfolios of swaps, it reduces the amount of capital needed by financial institutions to support the contracts. Along with other changes in the bankruptcy code dealing with high volume capital transactions, the act should lead to greater availability of the products for US-based end users, commented Mr Jack Brooke, a member of the US House of Representatives.

Matif sets date for Ecu bond future

By Deborah Hargreaves

MATIF, the French futures exchange, will launch its long-term Ecu bond futures contract on October 18 in a move that makes it the first exchange to trade a derivative product based on Ecu bonds.

UBS Phillips & Drew, the UK arm of the Swiss bank, announced a similar product to trade on the over-the-counter market last week.

Matif's contract will be based on large, liquid issues of Ecu bonds. For its first futures contracts - which mature in December this year and March 1991 - the exchange will accept only two French OATs which are due in 1991 and 1992.

These contain over Ecu1bn - the latest was tapped by the French Government yesterday. The contract, which will have a face value of Ecu100,000, will contain six to 10-year maturity bonds.

Gerard Phavradel, Matif chairman, said the exchange is unlikely to accept issues containing less than Ecu1bn. It will accept bonds issued by other sovereign states and supranational bodies such as the European Investment Bank as long as they are big enough.

The bonds for delivery into the contract will not be judged by the Matif says it will ensure there is a liquid cash market for the bonds before it includes them. It will also be looking for market-makers committed to making prices in an issue.

The Ecu product will be attractive to participants in the Eurobond market as a way to hedge their bond holdings. Mr Phavradel says he believes the derivative will fertilise the cash market and encourage more Ecu bond issues.

Barclays appoints managing director

BARCLAYS de Zeeuw Weid has appointed Mr Michael Hordern as managing director of the new office, Reuters reports.

Open outcry from Chicago's pits

Barbara Durr on fears of electronics and the race to non-stop trading

FEAR of the unknown has begun to stalk Chicago's bustling futures pits following the agreement between the Chicago Board of Trade and the Chicago Mercantile Exchange to collaborate rather than compete in the development of an after-hours electronic trading system.

The CME's Globex system, developed by Reuters, is already advanced compared to the CBOT's Aurora system. But now the two will marry and the joint product is due for launch later this year.

Many traders feel the advent of electronic trading spells the end of the open outcry system and with it a way of life, despite both exchanges having taken pains to assure traders that the pits will be safe from encroachment by screen trading.

Exchange memberships agreed to the development of computer trading provided it would only be used after the pits were closed.

At the CME, for example, members agreed in 1987, when the Globex system was first put in hand, that exchange products could not be traded electronically while the pits were working for another 10 years.

But the uneasy feeling on the trading floor is that once it comes, the currently planned initial programme of 12 hours trading - 6pm to 2am - will quickly be extended to a full round-the-clock day.

Long-time traders between the electronic revolution. Mr Patrick Arbor, a CBOT board member and chief of trading for LIT America, is more pragmatic. Mr Arbor says that given the proliferation of electronic exchanges around the world, screen trading had to come to Chicago.

The world marches on and you have to change with it, he said. Part of the trading floor's reaction is Luddite-like resistance to the machines. But this has disappeared in other industries.

There have gone electronic and the futures trading will in the end prove no less malleable, according to officials at Globex and Reuters.

Yet adaptation to computers is not the main difficulty for most traders, who are more concerned about a loss of actual livelihood. Those most affected and least enthusiastic about screen trading are the smaller independents, known as locals.

"There's an enormous conflict of interest between the locals and the major clearing firms," said one CBOT local trader. The big clearing houses want large volume trading which can be done on screens, and locals fear they will be wiped out.

Locals, who comprise about two thirds of the pit trading population, are the heart of the Chicago markets. They provide a critical share of liquidity and competition, which will be solely missed should the advent of

screen trading force them out of business.

It will cost \$1,000 a month to rent a Globex/Aurora terminal; this may be beyond the means of many local traders.

Yet, the locals see the writing on the wall and it rumbles. To address the problem, at least partially, the CME is attempting to draw in larger locals with an incentives programme to make it cheaper for them to use the equipment. But most will not join in.

As long as screens are only used for after-hours trading, the division of the trading community into big and small is not likely to erupt into anything more than loud grumbling.

But those who have finely honed their pit trading skills to know with a sixth sense of the market is going and then to jump on it may find, sadly, that those abilities are no longer needed.

A colourful and frenetic subculture could be on the brink of extinction.

US exchanges race for 24-hour trading

CROSS the US, the race to achieve 24-hour, worldwide electronic trading is about to start. Two new systems have joined their way to the starting gate in recent days, joining two other earlier entrants.

The New York Stock Exchange (NYSE) plans after-hours electronic trading consisting of three night-time auctions. The Chicago Board Options Exchange (CBOE), the American Stock Exchange (Amex), and the Cincinnati Stock Exchange (CSE) are getting together with Reuters to start worldwide after-hours electronic trading in options and equities.

These moves follow efforts under way by the Chicago futures exchanges, which are developing the Globex on-screen trading system in effort to expand their trading frontiers, and the National Association of Securities Dealers (NASD), which will upgrade its information link to S&P 500 International, the forum for foreign stocks in London.

US exchanges are thus jockeying for position in a future which no one has seen or knows for sure will work. However, the betting among securities industry executives is that investor demand will prove durable and that success will depend on who offers the best, least costly service.

Yet, while a taste for IBM at 2am could well be acquired in time, there is much scepticism in the securities industry about after-hours trading.

The SEC's trading fees, which are charged for all trades recorded in the US. The MSE, experienced trader, says that after hours electronic trading system to last demand so far - a programme begun last year to trade baskets of stocks at

the MSE trading day, none of this business has come to the MSE. There have been problems with technology, but exchange officials believe the main reason has been brokers' desire to save on the SEC's trading fees, which are charged for all trades recorded in the US. The MSE, experienced trader, says that after hours electronic trading system to last demand so far - a programme begun last year to trade baskets of stocks at

Other fees will go in the water before the NYSE and CBOE group systems start - their launches are planned in

The betting among securities industry executives is that investor demand will prove durable and that success will depend on who offers the best, least costly service

the Midwest Stock Exchange (MSE) in Chicago - has been slow to get off the ground.

Officials at the MSE, the largest US regional exchange, say that they had expected to pick up some of the 10m to 20m of after-hours trades recorded daily in London. A significant portion of these trades are done during normal hours in the US. But despite the extension to

1991 and by 1993, respectively. The NASD plans to begin pre-trading on September 1 of up to 700 securities. It will begin at 3.30am in New York to coincide with the 8.30am opening bell in London and run until one half hour before NASDAQ's open at 9.30am. The CME is hoping to get Globex into action in November. This system looks the best prospect

among the new products. Its foreign currency futures, for example, look assured of a worldwide, round-the-clock market. And US Treasury bond futures will also be added when negotiations with the CBOE conclude on amalgamation of its electronic trading system with Globex.

Despite this, even Globex has had trouble convincing some of the larger trading houses to buy in. Many have taken a wait and see attitude. Even those who have already plunged, with commitments for equipment and training of staff, still have their fingers crossed in the hope that they have not made a costly mistake.

But the most obvious winners in all this are probably the equipment and systems producers, such as Reuters. It developed Globex, based in part on its own currency dealing 2000 system, and it will now build the host computer system for the CBOE and the CSE, Amex and CSE listings will trade. It will also provide both systems' worldwide electronic networks and charge fees on every transaction.

LONDON MARKET STATISTICS

RISERS AND FALLS YESTERDAY

British Funds	Rises	Falls	Same
Corporations, Domestic and Foreign Bonds	42	32	0
Equities	419	288	609
Financial and Property	219	112	415
Other	0	0	0
Plantations	34	46	80
Others	50	92	99
Totals	799	585	1333

LONDON RECENT ISSUES

Issue	Amount	Price	Yield	Rating	Notes
British Steel	100	101.50	10.50	A	100% Subordinated
British Telecom	100	101.50	10.50	A	100% Subordinated
British Airways	100	101.50	10.50	A	100% Subordinated
British Gas	100	101.50	10.50	A	100% Subordinated
British Petroleum	100	101.50	10.50	A	100% Subordinated
British Airways	100	101.50	10.50	A	100% Subordinated
British Gas	100	101.50	10.50	A	100% Subordinated
British Petroleum	100	101.50	10.50	A	100% Subordinated
British Airways	100	101.50	10.50	A	100% Subordinated
British Gas	100	101.50	10.50	A	100% Subordinated
British Petroleum	100	101.50	10.50	A	100% Subordinated

FIXED INTEREST STOCKS

Issue	Amount	Price	Yield	Rating	Notes
British Steel	100	101.50	10.50	A	100% Subordinated
British Telecom	100	101.50	10.50	A	100% Subordinated
British Airways	100	101.50	10.50	A	100% Subordinated
British Gas	100	101.50	10.50	A	100% Subordinated
British Petroleum	100	101.50	10.50	A	100% Subordinated
British Airways	100	101.50	10.50	A	100% Subordinated
British Gas	100	101.50	10.50	A	100% Subordinated
British Petroleum	100	101.50	10.50	A	100% Subordinated
British Airways	100	101.50	10.50	A	100% Subordinated
British Gas	100	101.50	10.50	A	100% Subordinated
British Petroleum	100	101.50	10.50	A	100% Subordinated

RIGHTS OFFERS

Issue	Amount	Price	Yield	Rating	Notes
British Steel	100	101.50	10.50	A	100% Subordinated
British Telecom	100	101.50	10.50	A	100% Subordinated
British Airways	100	101.50	10.50	A	100% Subordinated
British Gas	100	101.50	10.50	A	100% Subordinated
British Petroleum	100	101.50	10.50	A	100% Subordinated
British Airways	100	101.50	10.50	A	100% Subordinated
British Gas	100	101.50	10.50	A	100% Subordinated
British Petroleum	100	101.50	10.50	A	100% Subordinated
British Airways	100	101.50	10.50	A	100% Subordinated
British Gas	100	101.50	10.50	A	100% Subordinated
British Petroleum	100	101.50	10.50	A	100% Subordinated

LONDON TRADED OPTIONS

Option	Amount	Price	Yield	Rating	Notes
British Steel	100	101.50	10.50	A	100% Subordinated
British Telecom	100	101.50	10.50	A	100% Subordinated
British Airways	100	101.50	10.50	A	100% Subordinated
British Gas	100	101.50	10.50	A	100% Subordinated
British Petroleum	100	101.50	10.50	A	100% Subordinated
British Airways	100	101.50	10.50	A	100% Subordinated
British Gas	100	101.50	10.50	A	100% Subordinated
British Petroleum	100	101.50	10.50	A	100% Subordinated
British Airways	100	101.50	10.50	A	100% Subordinated
British Gas	100	101.50	10.50	A	100% Subordinated
British Petroleum	100	101.50	10.50	A	100% Subordinated

FT-500 SHARE INDEX

Index	Value	Change	% Change
FT-500	2399.8	+1.3	+0.05
FT-100	1245.9	+0.6	+0.05
FT-250	1153.9	+0.7	+0.06
FT-400	1000.0	+0.0	0.00
FT-500	2399.8	+1.3	+0.05
FT-100	1245.9	+0.6	+0.05
FT-250	1153.9	+0.7	+0.06
FT-400	1000.0	+0.0	0.00

FT-500 SHARE INDEX

Index	Value	Change	% Change
FT-500	2399.8	+1.3	+0.05
FT-100	1245.9	+0.6	+0.05
FT-250	1153.9	+0.7	+0.06
FT-400	1000.0	+0.0	0.00
FT-500	2399.8	+1.3	+0.05
FT-100	1245.9	+0.6	+0.05
FT-250	1153.9	+0.7	+0.06
FT-400	1000.0	+0.0	0.00

FT-500 SHARE INDEX

Index	Value	Change	% Change
FT-500	2399.8	+1.3	+0.05
FT-100	1245.9	+0.6	+0.05
FT-250	1153.9	+0.7	+0.06
FT-400	1000.0	+0.0	0.00
FT-500	2399.8	+1.3	+0.05
FT-100	1245.9	+0.6	+0.05
FT-250	1153.9	+0.7	+0.06
FT-400	1000.0	+0.0	0.00

FT-500 SHARE INDEX

Index	Value	Change	% Change
FT-500	2399.8	+1.3	+0.05
FT-100	1245.9	+0.6	+0.05
FT-250	1153.9	+0.7	+0.06
FT-400	1000.0	+0.0	0.00
FT-500	2399.8	+1.3	+0.05
FT-100	1245.9	+0.6	+0.05
FT-250	1153.9	+0.7	+0.06
FT-400	1000.0	+0.0	0.00

FINANCIAL & PROFESSIONAL SERVICES IN BIRMINGHAM AND THE MIDLANDS

The Financial Times proposes to publish this survey on:

For a full official synopsis and advertisement details, please contact: Paul M. Jeffers/Anthony G. Hayes on 021-454 8922

or write to them at:

George House
George Road
Edgworth
Birmingham B15 1PG

First Dealings June 18
Last Dealings June 29
Last Dealings Sept. 20
For settlement Oct. 1
For rate indications see end of London Share Service

Shares: 2400.5; 2401.5; 2402.5; 2403.5; 2404.5; 2405.5; 2406.5; 2407.5; 2408.5; 2409.5; 2410.5; 2411.5; 2412.5; 2413.5; 2414.5; 2415.5; 2416.5; 2417.5; 2418.5; 2419.5; 2420.5; 2421.5; 2422.5; 2423.5;

UK COMPANY NEWS

Reliant reports £4.2m loss and unveils plans for £5.5m rights issue

By Andrew Bolger

SHARES IN Reliant Group, the USM-quoted vehicle and property group, fell 5p to 12p yesterday after the company reported a pre-tax loss of £4.2m on turnover of £10.1m in the six months to March 31.

The Staffordshire-based company also announced its planned acquisition of a plastics moulding company for £1.9m and deeply-discounted rights issue to raise £5.5m after expenses.

Best known as the maker of the three-wheeled Robin, Reliant hopes to build export markets for the Metrocab taxi, for which it bought the manufacturing rights from the Laird Group for £4m last June.

Reliant was the subject of a reverse takeover in May last year by two housebuilding companies, Wiseoak and Bel-

mont Homes. Mr Carl Turpin, Reliant's chief executive, said the property division suffered an operating loss of £1.8m, reflecting the severely depressed state of the commercial and residential property market and the board's decision to dispose of property assets at a discount to book value in order to reduce borrowing.

The group as a whole paid interest costs of £1.6m. The industrial division made an operating loss of £476,000, after capitalising £705,000 Metrocab start-up costs. Mr Turpin said that Reliant was continuing its programme of reorganisation and rationalisation and output of the Metrocab had increased in the group's new purpose-built production facility.

Prospects for the industrial division were very encouraging, he said, with strong demand for the Metrocab, a successful launch of the SST sport car, and continued sales of the Robin.

Reliant also said it had an option to acquire Ex-Press Plastics, which specialises in the moulding of glass reinforced plastic products.

Ex-Press employs 120 people at Loddon, near Norwich, and Oswestry, Shropshire. The initial consideration is £1.9m and a profit-related deferred payment is not expected to exceed £900,000.

Mr Turpin said the system used by Ex-Press was more efficient than that used by Reliant and would be especially suited for pressing doors, bonnets, boots and wings for the Metrocab. It was

expected to produce significant cost-savings for the group.

Under the rights issue, existing shareholders will be entitled to 55m new ordinary shares at 10p per share on a one-for-one basis. The issue has been fully underwritten by the stockbroker Sheppard.

Mr Turpin said that gearing, which had been over 200 per cent, would come down to 180 per cent after the rights issue and he hoped to reduce it to 60-70 per cent by the year-end.

In the current year property will account for 40 per cent of group turnover, with 60 per cent on the industrial side. However, Mr Turpin said he hoped to raise the industrial proportion to 80 per cent by 1991 and to continue to wind down the property business.

BSG Intl shares dip on profits warning

By David Owen

SHARES OF BSG International slipped yesterday as the Birmingham-based car dealer, components and consumer products group warned that 1990 profits were unlikely to match those of the previous year.

Mr Astley Whitall, chairman, told the annual meeting that pre-tax profit for the five months to May 1990 was less than that achieved in the corresponding period of 1989, and "is unlikely to be made up during the remainder of the year."

At the close, the shares were down 4 1/2p to 56 1/2p.

Mr Whitall said the group, in which Sir Ron Brierley's BSG Securities now holds just over 20 per cent, was continuing to experience a decline in its UK business because of the effect of high interest rates.

New car registrations for the first five months of the year were some 10 per cent below corresponding 1989 levels, he said. The group's vehicle distribution and leasing business was accordingly running 10-15 per cent down.

Economic conditions had also caused demand for the group's childcare products, prompting it to close its Letchworth pushchair and nursery furniture factory at the cost of laying-off 184 people, Mr Whitall said.

Finally, the trading performance of the aircraft interior equipment company had continued to be affected by the high costs of manufacturing Boeing 737 lavatory compartments. These costs had outstripped expectations, according to Mr Whitall, both because the associated learning curve had proved steeper than anticipated and because many of the compartments were not of standard design.

In 1989, pre-tax profits totalled £2.2m, an improvement of just £200,000 from the prior year's levels. Vehicle distribution and leasing accounted for £244.4m of the £633m turnover. The balance was comprised of automotive components, £114.7m, and consumer and special products manufacturing, £100m.

Fobel moves £120,000 back into profit

Fobel International made a profit of £713,000 in the second half of 1989 and left the group with an overall surplus of £130,000 for the year, compared with a loss of £181,000.

Mr Alan Leboff, chairman, said the current year was his best, and the previous year, in spite of one of the warmest winters on record.

Mr Leboff said the liquid fuel distribution business had

Consortium mounts rescue package for troubled Filofax

By Andrew Hill

FILOFAX, the personal organiser company which last year lost nearly £1m, is planning to turn over a new leaf by recommending a consortium offer for 51 per cent of the group, followed by a £2.1m rights issue.

A consortium fund put together by Transwood East, the financial services boutique, is mounting the offer which values the whole company at £4.3m.

The consortium of European and US institutional investors is bidding 30p for each share - just a quarter of the flotation price three years ago. Filofax shares rose 5p yesterday to match the bid.

The offer should enable Mr David Collischon, chairman and chief executive of Filofax, to reduce his family's 63 per cent stake in the company to a minimum of 5 per cent.

If the bidder wins more than 51 per cent of Filofax, surplus shares will be placed with institutions, enabling the group to retain its USM quotation. The five-for-nine rights issue is also pitched at 30p per share.

In the last 15 months, Filofax seems to have been hit by a slump in the popularity of its



David Collischon - family interest would be reduced

personal organiser and related products. In spite of last year's £200,000 promotional campaign, to kill the product's "yuppie" image and exploit new markets, Filofax said yesterday that trading was now worse than in 1988, making it difficult for the group to operate within

its existing bank facility. Mr Collischon denied emphatically that Filofax was a fashion-led, one-product company.

He said research commissioned from KAE Development, a management consultancy associated with Transwood, had found that the yuppie image was irrelevant. "The research showed the product was here to stay and the market was going to go on growing," he added.

On KAE's advice Filofax is going to use the rights issue proceeds to expand and improve its distribution network for the organiser and pages outside Britain, and examine the possibility of new products carrying the Filofax brand name.

If the recapitalisation plan is successful Mr Ray Rankmore, Filofax managing director, will take on Mr Collischon's role as chief executive, while Mr Richard Koch of Strategy Ventures

KAE's principal partner - and three representatives of the Transwood consortium will join the board. The consortium has proposed that Mrs Lesley Collischon and Mr Christopher Bostock should resign as directors.

ERF slides into second half loss

By Kevin Done, Motor Industry Correspondent

ERF (HOLDINGS), the last remaining independent publicly-quoted UK truck maker, plunged into loss in the second half of the year to March 31 and is cutting its total dividend by a third.

Pre-tax profits for the full year fell by 58 per cent from a record £7.84m to £3.27m on turnover which dropped by 10 per cent from £164.49m to £149m.

The company is still operating at a loss in the current year and warned yesterday that the next 12 months would be "very difficult".

ERF has suffered an abrupt change of fortunes in the face of the steep recession in the UK truck market. It suffered a pre-tax deficit of £474,000 in the second half of the year against record profits of £5.2m in the com-

parable period of the previous year and profits of £3.74m in the first half of 1989-90.

Turnover in the second half dropped by 36 per cent to £59.84m.

The company said it was proposing a final dividend of 6p effectively cutting the total dividend for the year by a third to 10p.

The fall into loss in the second half resulted from a steep drop in ERF's UK truck sales which declined to 3,228 against 4,340 a year earlier. The big drop came in the second half as the recession in the UK truck market began to accelerate from the final quarter of 1989.

ERF's UK truck sales in the second half were more than halved to only 1,184 compared with 2,484 a year earlier.

In response to the recession the company has cut its workforce from some 1,100 to 864, and for much of the year has been working only a four-day week with a much-reduced level of output. It is currently producing 8

trucks a day, five days a week compared with a peak of 21 trucks a day little more than a year ago.

It is hoping to increase output to 11 a day in the second half of August.

ERF is pressing ahead with an ambitious investment programme of £8m over the next two years for retooling for a new cab generation to be launched in 1992.

The company has also been restructured in two important moves.

● It has sold a 37.7 per cent holding in its South African truck assembly subsidiary to the South African Industrial Development Corporation which is paying about \$2m with an injection of new capital.

● It has also sold its ERF Plastics subsidiary to DSM, the Dutch chemicals group, for £3.3m cash and the transfer of £1.2m of bank debt. At the same time it has signed a long-term trading agreement with DSM for the supply of vehicle cabs.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Amber Industrial	11.8	Aug 13	9.75	18	13.5
Anglo United	1.2	Oct 1	1	1.47	1.2
Aukett Associates	1.5	Aug 16	1.25	-	4
Avesco	1	Oct 8	1.125	1.51	1.125
Beckham & Co	1.51	Aug 1	1.5	-	3
Debenham Tewson	5.3	Aug 23	5	7.7	7
Fobel Int	0.1	-	0.55	0.1	0.55
Halma	1.130	Aug 17	0.673	1.843	1.417
LPA Industries	1.65	Aug 8	1.5	3.2	3.2
Maxwell Comm	8.54	Oct 2	8	15	182
Shelton (M)	1.75	Aug 30	1.5	2.5	2

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡USM stock. §For 15 months. *Carries scrip option.

ANGLO UNITED PLC

PRELIMINARY RESULTS FOR 12 MONTHS ENDED 31 MARCH 1990

- Coalite acquisition successfully integrated
- Excellent progress on disposals
- Pre-tax profits up 130%
- Earnings per ordinary share up 55%
- Dividends up 17%
- Anglo now second only to British Coal as the largest solid fuel distributor in the UK, and is a major manufacturer of smokeless fuels and chemicals
- Anglo well prepared to meet the challenge posed by the restructuring of the solid fuel industry and the increased stringency in environmental standards

■ Copies of the Report & Accounts will be sent to Shareholders on Friday 29th June.

■ Further copies are obtainable from:
H. S. Muirhead
Company Secretary
Anglo United plc
Neugate House
Broombank Road
Chesterfield
Derbyshire S41 9QJ

Record margins help Halma to £14.1m

By Andrew Hill

HALMA, the environmental control and safety group, managed to push up margins to record levels in the second half of 1989-90, and reported profits for the year 24 per cent higher at £14.1m, compared with £11.4m.

The company has inevitably been dubbed a "green" stock, but operates a range of miscellaneous products including safety systems for large construction and oil-rig projects, fire detectors and water sterilisation equipment.

Earnings per share rose from 8.12p to 9.7p and a final dividend of 1.136p is recommended, making 1.843p (1.417p) for the year. Group turnover increased to £78.1m (£61.1m).

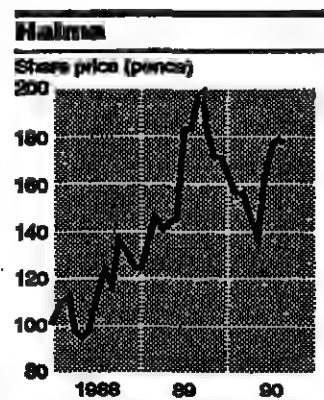
Mr David Barber, chairman, said that profit margins had risen to a record 19.7 per cent during the second half, and 19 companies of the 28 in the group had reported record prof-

its. Margin increases had been achieved by moving away from low-margin products, rather than increasing prices.

The chairman stressed that Halma was involved in environmental markets before the recent interest in green issues. "In fact we are getting no more growth from green companies than we are from others. All our companies happen to sell to fairly buoyant markets."

Halma also emphasised the cash-generative nature of the business. Despite spending £10m last year, about half on acquisitions and half on capital expenditure, Mr Barber said net cash had still increased by £1m during the year and the group would be looking for further acquisitions in existing or related areas of activity.

Halma benefited during the year from a £850,000 (£287,000) extraordinary gain arising from the sale of two



small subsidiaries.

■ COMMENT
Halma looks like a stock whose time has come. The spread of niche businesses, many devoted to environmental improvement, is an ideal green hedge against the UK

economic downturn which has struck other shares in the engineering sector. Individual companies have hit from time to time by depression in specific sectors: for example, one subsidiary manufacturing anti-shipping devices was suffering from the retailing decline in the first half but managed to pull itself round in the second six months. There is perhaps only one snag for potential shareholders: several investors seem to have spotted Halma's virtues already.

The shares, 2p weaker at 177p yesterday, have risen strongly against the market since mid-May and stand on a mighty prospective multiple of more than 15, assuming pre-tax profits of about £17.5m this year. On the other hand, the stock looks cheap if one assumes the greening of the market will continue.

Aukett pushes ahead 24% to £0.95m in busy year

By Peter Franklin

AFTER an active first half to end-March, Aukett Associates, the integrated architectural and building design company, reported pre-tax profits ahead 24 per cent to £947,000.

This compared with £760,000 last time and came from a 52 per cent increase from £5.8m to £8.8m in work done.

During the period the group

obtained substantial new assignments from existing customers, including Marks and Spencer and Sun Alliance.

And subject to full local authority ratification, planning consent had been received for the redevelopment of Albert Bridge House in south-west London.

This freehold property,

bought for £5m in a joint venture with A&I, is to become the main home for Aukett's integrated architectural, engineering and design teams.

The company's plans to expand in Europe last week moved on a stage when it hosted three days of discussions with its prospective partners in the recently-formed European network (AEN).

Representatives from companies in Austria, Switzerland, France, Spain, Finland and Belgium attended, and have confirmed that they will join the new organisation.

Mr Gerry Deighton, chairman, said Aukett needed architectural engineers from Italy and the Netherlands to complete the network, and the company had parties in mind.

The Geneva office was now established and a number of potential major projects in Europe had been identified, he said.

Three projects in Hungary were also in prospect, including a hotel and the development of a shopping centre in Budapest. Plans for development of an industrial park in Macon, France, were also at a late stage.

Further projects were also in train in Portugal and Turkey. "I am feeling good about first vibes in Europe," said Mr Deighton.

After interest payable of £125,000 and tax of £387,000 (£287,000) earnings per share were up 15 per cent to 4.52p (3.91p). The interim dividend is raised to 1.5p (1.25p).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or final and the subdivisions shown below are based mainly on last year's financials.

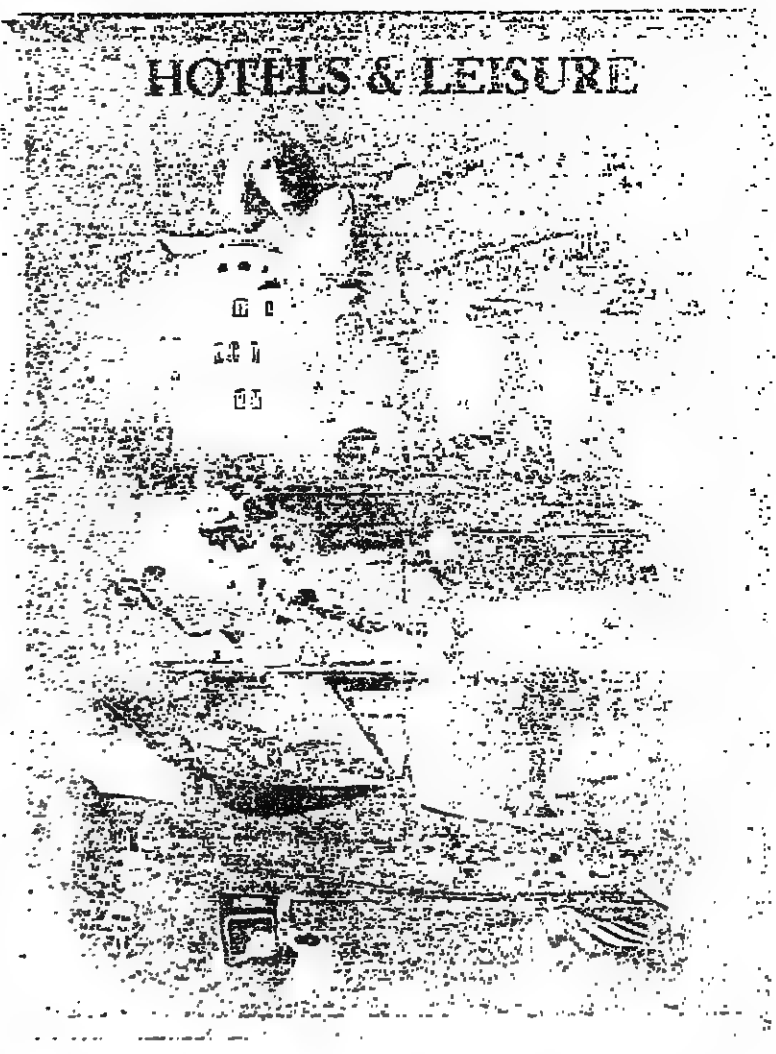
TODAY
Interface: Alstom, Colson, Crest, Halden, Harrods & Haines.
Preston: Anglo Group, BPS Industries, Berkeley, Bristol Evening Post, Cadentia, Cavendish, Cresswell, Jiffy, Graham West, Higgs, Robinson, I & S Optimum Income Trust, Hollands International, Stormberg, Wyndham.

Company	Future Dates
Associated British Ports	Sept 13
ERA	July 4
London & West	July 5
Malayan Smelter Co	June 30
PII Industries	July 3
Cliff (Shanghai)	July 10
Pennine Enterprises Ltd	July 2
Greene King	July 4
Hollis	July 4
Hollis	July 4
Rope	July 3
RFH	June 28

البرنت

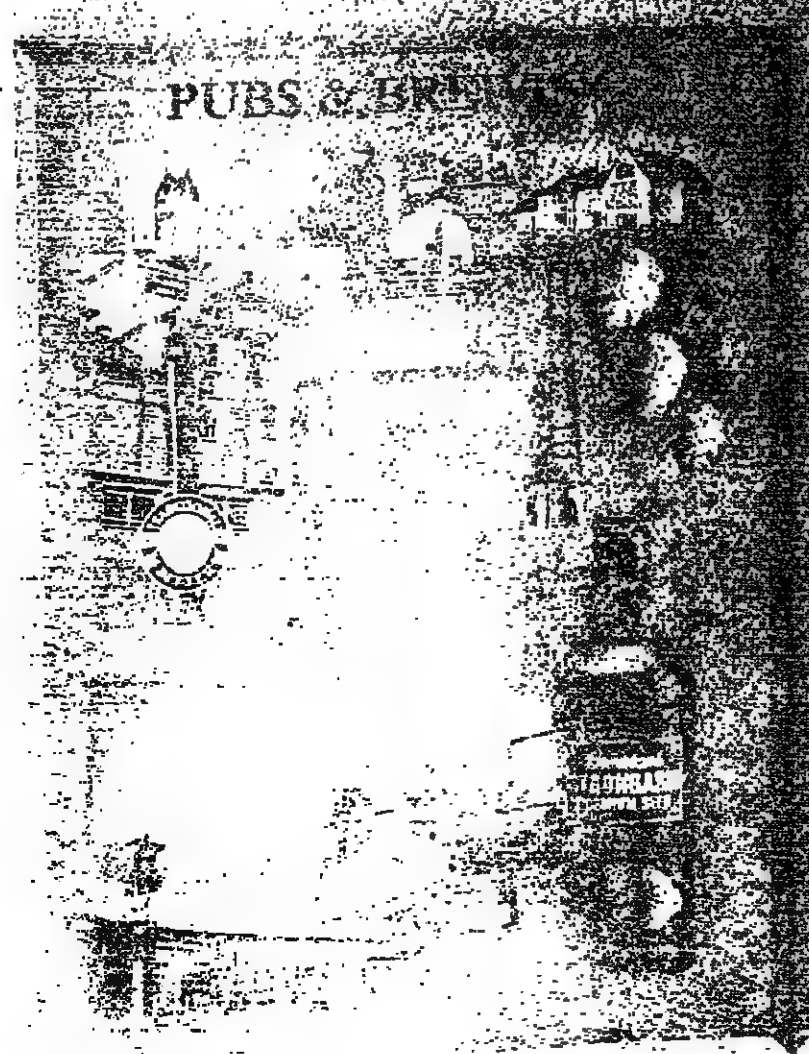


THE FOUR CORNER STONES



OF OUR SUCCESS IN 1989

FINANCIAL HIGHLIGHTS 1989 (unaudited)			
	1989 £M	1988 £M	%CHANGE
Turnover	526.0	128.9	+308%
Profit before tax	82.2	41.7	+97%
Earnings per ordinary share (fully diluted)	88.7p	41.05p	+116%
Dividend per ordinary share	15p	11p	+36.4%
Shareholders funds	856.0	603.6	+41.8%



Once again it is my pleasure to be able to report to you on a year of record results and one which also saw a substantial expansion of the Group's activities. The most significant feature of 1989 was the increase we made in the bookmaking business by the investment in William Hill to add to Brent Walker Bookmakers to become one of our four core businesses of Pubs and Brewing, Hotels and Leisure, Leisure Developments and Betting Services. Each of these businesses is individually managed by its own board and is independently accountable to the Group for its performance and development.

We now have a well balanced group of activities and have enjoyed another record year during a period of major expansion. We are, however, never complacent and strive continually to improve both the asset base and profitability of your company. We seek to do this by the rationalization of our existing activities, a carefully planned programme of acquisitions and disposals and by seizing opportunities to develop our core businesses.

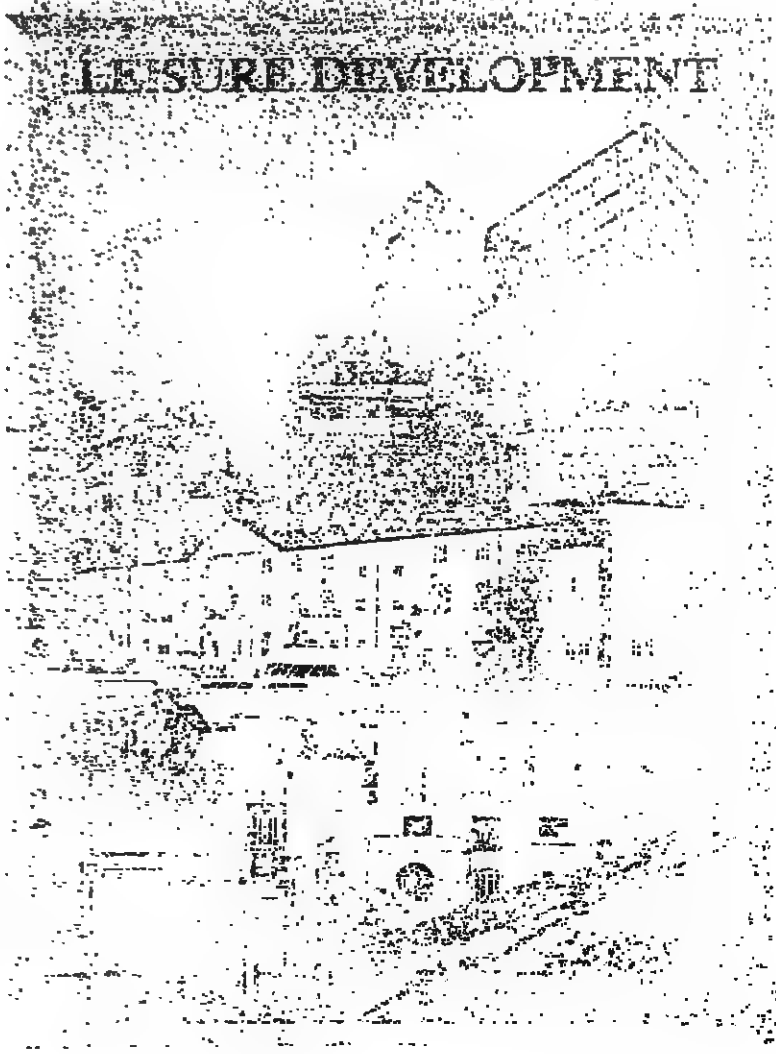
Whilst companies which operate purely within a very narrow range of leisure operations have suffered considerably from the downturn in the economic climate, our own broad base of activities has protected us from most of these problems. A substantial proportion of our business is in Pubs, Brewing and Betting Services and these activities normally show a strong resistance to reductions in consumer spending. I am pleased to report that the current year has started well and we look forward with confidence.

George A. Walker
Chairman & Chief Executive

Full details of the Group's activities are recorded in the Annual Report & Accounts which will be available from:
The Company Secretary, The Brent Walker Group PLC, Brent Walker House, 19 Rupert Street, London W1V 7FS.



THE BRENT WALKER GROUP PLC
WORKING FOR PLEASURE



UK COMPANY NEWS

Ropner sells Hozelock to management for £24m

By Nikki Tait

ROPNER, the Darlington-based group whose diversified interests range from shipping to engineering, is selling its Hozelock garden products division to its management for just under £24m.

The deal will leave Ropner with a net cash balance of some £17m. Ropner said that, as a result of the disposal, it would be "well-placed to take advantage of any acquisition opportunities which may arise", although it added that no specific situations had yet been identified.

Explaining reasons for the sale yesterday, Mr Roger Winter, finance director, maintained that the "motivating factor was a very attractive price offered".

Hozelock, which was formed in 1959 and expanded by the acquisition of Associated Sprayers in 1983, produces and distributes garden watering

and spraying equipment.

In 1989, it made a profit before tax and interest of £1.78m on sales of £24.6m, although Ropner conceded that demand pressures during the exceptionally hot summer and the introduction of new products and packaging meant that the figures were abnormally depressed. In the previous year, Hozelock made a comparable £2.42m on sales of £19.1m.

Ropner said that it was an abortive approach from a third party last December which triggered the management buy-out proposal. Funding for the deal is coming from a consortium of institutions, led by Citicorp Venture Capital.

The buy-out group will pay £21.8m for the equity of Hozelock, and repay intercompany debt of £2.17m. Ropner has acquired an outstanding 1 per cent interest in Hozelock for £240,000 cash, thus the net con-

sideration which it receives for the equity is £21.6m.

Two Hozelock properties are also being excluded from the sale: these had a net book value of £3.68m at end-December, and are being transferred to other Ropner subsidiaries at an open market value of £7.32m. They are then being leased back to Hozelock.

Ropner said its pro forma net assets, after the Hozelock deal and the disposals of two bulk carriers completed earlier in the year, stand at £45.4m.

The net proceeds of the Hozelock sale - some £23.4m - will reduce existing group debt and the balance of £17m will be put on deposit.

Asked about acquisition plans, Mr Winter stressed that Ropner did not intend to diversify outside its four remaining activities, which comprise engineering, shipping, insurance broking and property.

Speculation of a third party for Gartner

By Alice Rawsthorn

THE PROPOSED management buy-out of the Gartner Group, one of the management consultancies owned by Saatchi & Saatchi, may be threatened by a breakdown in negotiations.

Gartner's management team has been attempting to organise a buy-out for the business - one of the largest computer services consultancies in the US - since Saatchi put its consulting division up for sale last summer.

The Gartner managers have been in negotiation with Saatchi to agree terms of a buy-out since the start of this year. But sources close to Gartner say that the last time Saatchi negotiated with the management team was in mid-May.

Since then, they say, Saatchi has rebuffed Gartner's attempts to arrange further meetings. This has fuelled speculation in the Gartner camp that Saatchi may have found a third party which is willing to buy the business.

Saatchi said yesterday that the talks over Gartner had not broken down and that it was in the final stages of negotiation. Saatchi said it could not comment on the question of whether a third party was interested in Gartner.

But sources close to Saatchi said that the company was involved in lengthy negotiations to sell Gartner to Cap Gemini, the acquisitive French computer company. CSG is thought to have offered between \$90m and \$100m, but has not yet made a formal offer. It would not win the co-operation of the Gartner management team.

In the early months of this year the Gartner managers put forward proposals for a buy-out of the business. It was estimated that the company's minority holding of roughly 40 per cent.

The condition of the US banking market has since deteriorated. Gartner has been affected by the uncertainty which has taken place. It is now thought unlikely that the managers could secure funding for a buy-out of the business for as much as \$70m.

Saatchi is keen to sell its consultancies as quickly as possible to concentrate on its core communications businesses. Earlier this week it announced proposals to sell Peterson, its troubled US litigation services consultancy, at a substantial loss.

Modest lift for LPA

A modest improvement in interim profits was reported by LPA Industries, the US-based industrial electric accessories manufacturer.

On turnover 5 per cent lower at \$3.47m taxable profits for the half year to end-March edged ahead from \$346,000 to \$366,000, struck after an interest bill virtually unchanged at \$66,000.

An interim dividend of 1.65p (1.5p) is payable from earnings of 2.65p (2.5p) per 10p share.

Further disposals planned to reduce borrowings Maxwell Communications advances 12% to £172.3m

By Raymond Snoddy

MR ROBERT Maxwell, chairman and chief executive of Maxwell Communications, yesterday reported a 12 per cent increase to £172.3m in pre-tax profits for the year to March 31.

He said said there had been a "remarkable transformation" in the affairs and standing of the group both in its composition and in the quality of earnings from its constituent businesses. The business had moved from being a mixed printing and publishing company to a pure publishing company in 15 months.

Earnings per share at 20p, however, showed an increase of only 4 per cent. The total 15p dividend was also 4 per cent up, the final being 8.5p. Comparative figures are based on the 15 months to end-March 1989, calculated on an annualised basis.

The main reason for the modest earnings per share and dividend increase was a net charge of £108.1m arising from interest and investment income.

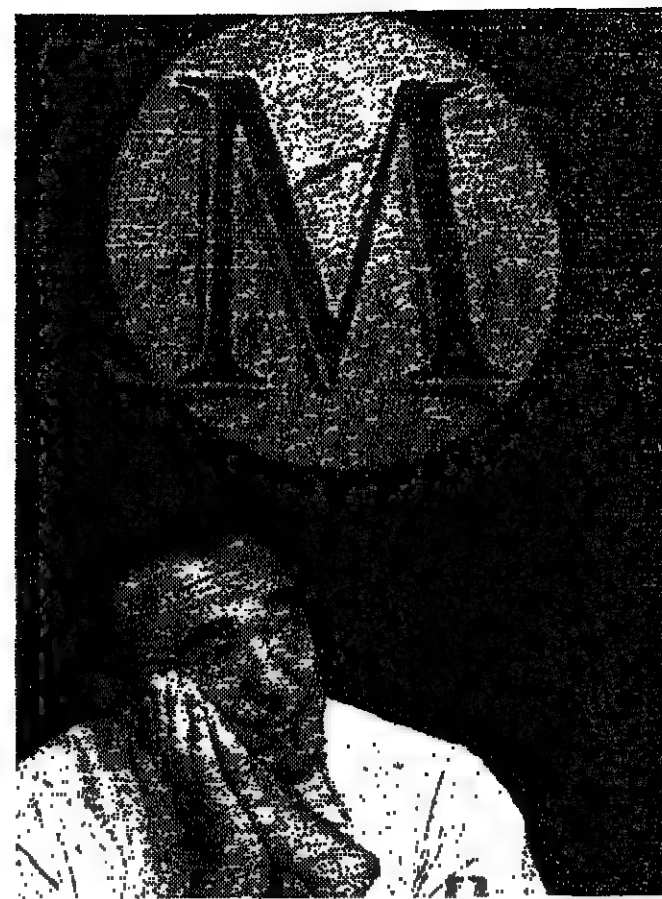
During the year borrowings, taken on to pay for Macmillan, the US publisher, and the Official Airline Guides, peaked at £2.7bn in September and had fallen to £2.1bn by the end of the financial year. They currently stand at £1.9bn.

Mr Maxwell emphasised yesterday that he had no junk bonds - high interest loans - and that \$75m out of \$90m in short-term loans due in October had already been repaid. The rest would be paid before the due date.

Maxwell Communications also planned to dispose of the remainder of its non-strategic businesses worth some \$900m and sell property worth \$150m to Mirror Group Newspapers.

Only nine months of Macmillan's results and six months of OAG were consolidated. Mr Maxwell also said that so far this year the company's American interests, now totalling 80 per cent of assets and 90 per cent of revenue, should also exclude interest charged he said.

Mr Brian Sturges, publish-



Robert Maxwell - American interests now contribute 80 per cent of profits and are 90 per cent ahead of budget this year

ing analyst at stockbrokers Barclays de Zoots Wedd, yesterday described Maxwell Communications' results as "very disappointing".

BZW expected £185m pre-tax and pointed out that after property deals and variations to Mirror Group Newspapers' leases there was little growth in operating profits.

Mr Maxwell countered later yesterday by saying analysts couldn't pick and choose which bits to exclude. If they excluded property deals, they should also exclude interest charged he said.

Mr Sturges is now forecast-

ing pre-tax profits of £190m for the current year.

Total sales were £1.24bn compared with £1.39bn for the 15 months to March 1989. Operating profits from continuing businesses totalled £226.5m.

The group also released a table from the Nomura Research Institute on price earnings relative for publishing and communications groups. It showed the forecast p/e ratio for Maxwell Communications as one of the lowest at 9.4.

The shares closed 4p lower yesterday at 165p.

See Lex

PJ Carroll slides into red with £12m loss

By Jane Fuller

PJ CARROLL, the Dublin-based tobacco, fish farming and direct mail company, slid to a pre-tax loss of £12.05m (£11.11m) in the 18 months to March 31, compared with a profit of £58.5m in the previous 12 months.

The only one of the three divisions to make an operating profit was tobacco, with £17.49m. But operating losses in direct marketing and fish farming, plus exceptional costs totalling £16.05m, took their toll.

The share price fell 22p to 105p.

No final dividend will be paid. The loss per share was 16.1p (10.7p earnings).

Since PJ Carroll reported an 80 per cent reduction in taxable profit to £1.7m for the 12 months to September 30, the senior management has been changed. Mr Donal Carroll retired as chairman and Mr David Fish resigned as chief executive. Mr Laurence Crowley has taken over as chairman.

The biggest operating loss - £18.84m for the 18 months to December 31 - came in direct marketing in the US, a diversification on which the group said it had spent about £225m since 1987.

To stem losses, the Carroll journals were suspended and the Stamford headquarters closed, shedding about 300 jobs. Restructuring costs were taken as an £8.5m extraordinary item.

This leaves only Bedford Fair, which markets women's clothing, in this division. It made an operating profit of £12m, but the cost of moving its base cancelled this out.

In fish farming (aquaculture), in which the company had invested up to £300m since 1986, the operating loss was £12.86m, because of development expenses and fish deaths, notably through disease. Writing down the fish assets led to an exceptional cost of £11m. Steps had been taken to improve husbandry.

In tobacco, the company's share of a declining domestic market had fallen to 48 per cent compared with 60 per cent four years ago. This had been stabilised with the help of new low-tar and mild brands. An exceptional provision of £24m had been made for changes associated with a review of the business unit.

With net assets falling by nearly £23m to £24.65m and net debt rising to £17.3m, gearing stood at 70 per cent.

COMMENT
After a disastrous period of attempted diversification, the new management has thrown everything but the kitchen sink into the catalogue of provisions. While the foray into US direct mail may terminate with the sale of Bedford Fair, fish farming remains a promising second string to the tobacco company's bow. But it will take until 1991 to see whether a successful rebuilding exercise has followed the clear out. A pre-tax profit of \$9m this year gives a prospect of a healthy 10 per cent group result. The new Glasgow office, which last year incurred start-up losses of £200,000, is expected to break-even in the current period, and Debenham still says that a move into Manchester or Bristol is a possibility. Overseas operations, meanwhile, contributed £14m to last year's turnover and this, too, is seen as an area for further expansion. That said, analysts are predicting flat turnover at best in 1990-91, while costs will almost certainly rise, the pruning notwithstanding. Forecasts are tentative, but are in the range of £7m to £7.5m. That gives a prospective multiple of a little under 8. Long-term, analysts tend to view Debenham as a quality business, but short-term, there seems little about which to get excited.

Coal funds claim 41.9% of Globe

British Coal pension funds, waging a £1.11m bid battle for Globe Investment Trust, said yesterday that they controlled 41.9 per cent of their target. The bulk of this figure consists of shares either owned by BCF or bought since the bid commenced. The bidder had also agreed to acquire a further 1.3 per cent of the equity for which valid cover had yet to be received. By Monday afternoon, acceptance covered just 1.5 per cent of the shares. The bid has already been extended until July 9.

£10m buy and new name for Spong

By Andrew Bolger

SPONG HOLDINGS, the housewares and retail display systems group which is being extensively reshaped, yesterday announced plans for a £10m acquisition and said it was changing its name to Lionheart.

Spong intends to buy Acorn Decorating Products, which makes paint brushes, rollers and decorating sundries, from Williams Holdings, the industrial mini-conglomerate.

In October Spong purchased Hamilton Group, a privately-owned maker of paint brushes and decorators' tools, for an initial £5.3m.

The cash to fund the Acorn acquisition will be raised by an open offer to shareholders of 45m new ordinary shares at 22p, on the basis of 84 for every 100 existing ordinary.

The new shares will represent approximately 48 per cent of Spong's enlarged capital. Its shares closed up 2p at 26p.

Spong was restructured in May last year when a consortium led by Hillsdown Investment Trust, the investment subsidiary of Hillsdown Holdings, the food group, invested £4m to take a 46 per cent stake.

Mr Paul Lever, became executive chairman from his post as managing director of Crown Berger Europe, the paints division of Williams Holdings.

Mr Lever said he was familiar with Acorn from his time with Williams. It is based at Attleborough, Norfolk, and employs 230 full-time staff.

The combination of Acorn with Hamilton would enable Spong to strengthen its position in the UK market for branded products.

Both Acorn and Hamilton were well known by DIY and professional consumers. The enlarged business would have a broader market spread and also be capable of supplying a full range of paint brushes, rollers and decorators' cutlery manufactured in-house.

Acorn made an operating profit of £881,000 on sales of £8.4m in 1989. Williams will make a cash injection into Acorn so that it will have net cash of £1.5m at completion. The pro-forma net assets of Acorn are about £3.7m.

Citicorp Investment Bank has made arrangements for institutional and other investors to subscribe at the offer price for the new ordinary shares not taken up by qualifying shareholders.

Directors said they felt it would be appropriate to change Spong's name in view of the extensive restructuring which had taken place. They intended that the name Lionheart be adopted by Spong to distinguish it, as parent of the group, from its subsidiaries, which would continue to use their existing corporate and brand names.

Avesco static at £5.81m as legal battle takes toll

By John Thornhill

AVESCO, a supplier of equipment to television and video industries, recorded a modest increase from \$3.7m to \$5.81m in pre-tax profits for the year to March 31 as it struggled to overcome the effects of a costly legal battle.

Avesco assumed a possible legal liability when it bought full control of Spaceward in November 1988. Quantel, a subsidiary of Carlton Communications, had brought a law suit against Spaceward over a patent for an electronic painting system.

Mr Richard Murray, Avesco chairman, said: "Our advice at the time was that we would win the case. And if we had won, the company would have been worth \$50m."

In fact, the loss of the legal

case led to the withdrawal of products, stock losses, the closure of some manufacturing and research operations, and a cost of £2.8m. Provisions had already been made against sales to overcome the effects of the acquisition, however.

"It has had an effect on the balance sheet rather than the profit and loss account," Mr Murray said.

Sales for the year grew to \$28.88m (\$24.78m) as exports, in particular, showed a marked improvement.

Fully diluted earnings per share grew from 10p to 12.1p. It would have fallen had it not been for a tax credit of \$902,000 resulting from back-payments.

A recommended final dividend of 1p brings the total to 1.5p (1.195p).

Profits warning hits Psion shares

By Alan Cane

SHARES OF Psion, the UK's leading manufacturer of hand-held computers, fell precipitously yesterday after Mr David Potter, chairman and managing director, warned that profits for the first half of 1990 would be significantly lower than for the same period last year.

In the first half of 1989, the company - best known for its Organiser electronic notebook - turned over £14m and made pre-tax profits of £1.6m. Analysts estimated, however, that profits for the first half of 1990 could be under £500,000 on sales as much as one third higher. Psion's share price fell 35p to close at 90p.

The principal cause of Psion's distress is a substantial fall in turnover and big losses at Dacom, a small telecommunications company which it acquired at the end of 1988.

There have also been plans for but significant costs associated with the development and launch of Psion's new range of notebook style computers.

Dacom makes an innovative modem - a device which allows computers to talk to each other over a telephone line - which has proved popular with customers.

However, Mr Potter said that Dacom's ability to manufacture the device in volume was not equal to its skills in modern design. The yield of properly manufactured modems was a low as 60 per cent, meaning that orders could not be fulfilled and sales were lost.

It is an unusual problem for Psion which has hitherto been noted for tight management and excellent manufacturing. The founders and joint managing directors of Dacom had now been replaced, Mr Potter said, and some 40 of the 100

staff at the company's plant in Milton Keynes had been reduced.

Psion management had now taken over and the position was improving steadily.

Yesterday's announcement was the second disappointment this year from a company which many analysts believe is one of the UK's brightest hopes in information technology.

Last year, it failed to achieve its expected profits level, due to a slow start in sales and conductor prices and the beginnings of the problems at Dacom.

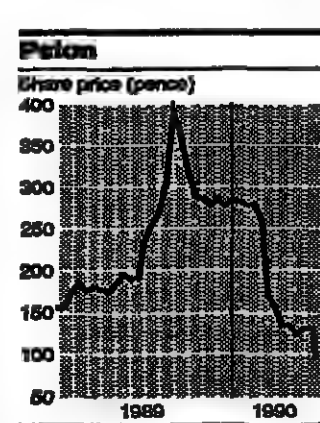
Analysts were marking Psion shares down yesterday from "buy" to "hold" to allow the dust to settle. They believe the problems at Dacom are the full extent of Psion's bad news and that the company still has bright prospects.

It is continuing to manufacture Organisers at the rate of 15,000 a month and sales are holding up unexpectedly well.

The company is making about 1,000 a month of the first model of its MC range of portable computers and two new models will shortly come on stream.

The take-up has not been dramatic, but Mr Potter said the response to support the new machines - business software and so on - are only now becoming widely available. Semiconductor prices are now moving in the company's favour. A rights issue earlier in the year means that the balance sheet is in good shape and the company has funds available to stay at the leading edge of technology.

Mr Potter said it was necessary to take a long-term view. "This is an unfortunate blip. We cannot turn on a sixpence but we still expect to deliver in the mid-1990s."



operating margins. Staff costs amounted to £21.2m (£14.4m), while other costs totalled £14.7m (£9.78m).

Net interest receivable during the year was £79,000, against £173,000 last year. The company ended the year with a net cash balance of about £250,000, although that has subsequently risen to more than £3m. There is a final recommended dividend of 5.5p, making 7.7p (7p) for the year.

The company said yesterday that its regional network had continued to expand, although the south east was adversely affected by the slowdown in the property sector.

On current year prospects, Mr Richard Lay, chairman, said he viewed the current year with confidence for

1-11 The Broadway, Stratford E15

UNEXGROUP

Reason to move from the City?...Stratford E15!

Excellent communications to the City, West End and Docklands and easy access for staff via Central Line, BR, DLR and M11 Link (including Jubilee Line proposal). New fully air-conditioned offices with raised floors and high specification. Low rates, on-site parking, shopping facilities for staff.

Approximately £15 per sq ft rental available November/December 1990. For full details Telephone: 06376 8144 Fax: 06376 449

9,500 sq ft

15-19 The Broadway, Stratford E15

Handwritten signature or mark.

COMMODITIES AND AGRICULTURE

Indonesian tin output reduction

By Claire Bolderson in Jakarta

INDONESIA'S STATE tin company, PT Tambora Timah, is to reduce its output by 10 per cent over the next two years in a bid to improve efficiency and cut operating costs.

Timah produces about 80 per cent of total tin output in Indonesia, the world's third largest tin producing country after Brazil and Malaysia.

Timah's Marketing Director, Mr Harsanto, said in Jakarta this week that, faced with continuing low world demand and low prices, the company would cut output by 5 per cent in 1990 to 22,610 tonnes and by a further 5 per cent in 1991.

High-cost onshore operations at low-grade tin mines on Belitung and Singkep islands near southern Sumatra will be scaled down. Private companies will be invited to take over production management there while Timah concentrates in offshore operations.

Timah's President has said the cost of producing tin at Belitung and Singkep is higher than current world market prices of around \$6,250 a tonne.

Minor metals

Prices from Metal Bulletin (last week's in brackets).

ANTIMONY: European free market, 99.6 per cent, \$ per tonne, in warehouse, 1,650-1,710 (same).

BISMUTH: European free market, 99.99 per cent, \$ per lb, in warehouse, 2,400-2,500 (2,300-2,400).

CADMIUM: European free market, 99.5 per cent, \$ per lb, in warehouse, 2,900-3,000 (same).

COBALT: European free market, 99.5 per cent, \$ per lb, in warehouse, 8,000-8,300 (same).

MERCURY: European free market, 99.99 per cent, \$ per 70 lb flask, in warehouse, 200-225 (215-235).

MOLYBDENUM: European free market, 99.95 per cent, \$ per lb, in warehouse, 5.00-5.50 (5.15-5.75).

SELENIUM: European free market, 99.5 per cent, \$ per lb, in warehouse, 5.00-5.50 (5.15-5.75).

TUNGSTEN ORE: European free market, standard min. 65 per cent, \$ per tonne unit (10 kg WO₃), 40-55 (40-55).

Vanadium: European free market, 99 per cent, \$ a lb, 2.90-3.10 (2.90-3.10).

URANIUM: Nuxco exchange value, \$ per lb, 100, 8.65 (same).

LME warehouse stocks

(As at Monday's close)

Commodity	Units	Previous	High/Low
Aluminium	5,900 to 165,800	-	-
Copper	125 to 43,225	-	-
Nickel	42 to 8,274	-	-
Zinc	1,700 to 42,425	-	-
Tin	178 to 12,018	-	-

EC strives for harmony on veterinary regulations

By Tim Dickson in Luxembourg

EFFORTS to break down barriers to trade in live animals and animal products were being stepped up in Luxembourg last night.

With time ticking away at his last EC Agriculture Council in the chair, Mr Michael O'Kennedy, the Irish Farm Minister, was urging his colleagues to back a new compromise on three important veterinary proposals, notably a plan to harmonise vaccine standards and a compulsory EC slaughter policy.

Failure to advance the cause of "1992" would be a disappointment for the Irish President, who specifically made this issue a priority.

Although there was something to cheer about yesterday with agreement on new egg and poultry marketing standards and on a symbolically important decision allowing farmers to take advantage of the new scheme to continue production for non-food uses.

Sensitivity was greatest, however, about foot and mouth, about the accompanying idea for a Community fund

to help pay the costs of combating disease and about a separate directive designed to end border checks within the EC on certain live animals.

In an effort to allay the fears of certain member states, notably France and Belgium, which are reluctant to give up vaccination against foot and mouth, the compromise makes provision for national vaccine banks and for Community antigen banks.

It also appeared to sanction continued vaccination, with Brussels' approval, in the event of an emergency outbreak though the general rule would be compulsory slaughter.

The rate of reimbursement by the EC fund for the costs of dealing with foot and mouth was increased from 60 per cent to 70 per cent.

Contrary to British wishes domestic rabbits remained in the revised text on live animals which would border checks would disappear member states would still be permitted to apply their own quarantine rules.

Fears that the traditional British turkey could be ban-

ished by an EC directive, meanwhile, were finally dispelled in Luxembourg yesterday.

Farm Ministers of the 12 agreed without discussion a compromise proposal for new poultry and egg marketing standards which continues to guarantee the bird pride of place at Christmas tables.

Under threat when Brussels tabled its original ideas was the "Traditional Farm Fresh" or "New York Dressed" turkey which accounts for about 30 per cent of the December market. These are produced and marketed under strict guidelines in the UK, being distinguished by the way in which they are left to hang untreated for 7 to 12 days after slaughter, thereby improving their texture and flavour.

Yesterday's text - which carries the assurance British producers have been seeking - says that individual eggs should be date stamped with a Commission statement. This said that Brussels will carry out a study examining the feasibility of Bonn's demands.

vide for compulsory date labelling of each package but overcame West Germany's insistence that individual eggs should be date stamped with a Commission statement. This said that Brussels will carry out a study examining the feasibility of Bonn's demands.

The compromise on eggs, meanwhile, continues to pro-



Mr Ignaz Klechle, Bonn's Agriculture Minister, told his colleagues yesterday that import quotas established by the East German Government for "sensitive" products like meat and milk would be available to all member states. First quarterly figures for 1990 show that most of the licences when to West German firms - but Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Mr Klechle said he would personally ensure that there was no discrimination against other EC countries.

Time heals memories of a troublesome oilseed

Improved varieties and production aid have revived British interest in growing linseed

MEMORIES of a mis-spent youth have until now led me to believe that linseed was a crop I would be better off not to grow. Increasing interest by less prejudiced, or perhaps more youthful, farmers in recent years has persuaded, however, me to take it more seriously and I am coming round to the idea of trying a few acres.

My first experience of linseed was as a very young boy in the mid-1940s. The local boss of the War Agricultural Committee, which administered farming in those troubled days, persuaded my father to plant some linseed - which is in the same family as flax. There was a national need for the oil-bearing seed, my father was told, so he must help produce it.

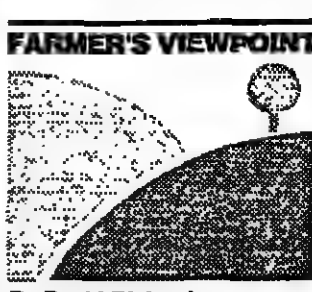
Linseed oil is of course used in the production of paint, putty, varnish and so on as well as being a key component in linoleum, with which the mass of the population covered their bedroom floors in those days. Demand for the oil at the end of a war during which such luxuries had been the last things on anyone's mind was therefore brisk. Indeed as a result of the War Ag's urging about 80,000 acres of linseed were planted in the UK in 1945.

The problems it posed were horrendous, however, and my father talked of them to his dying day. The crop grew all right but before harvest its long wiry stalks collapsed and it lay flat on the ground. The only harvesting equipment available at the time was an old self-binder which was totally inadequate to the task of cutting the mat of fibrous material.

The linseed was only salvaged by sending gangs of men into the field with pitchforks to lift what they could, back-breaking, so that the binders blades could slide beneath and cut it. The untidy sheaves were then stacked and later threshed through a traditional drum powered by steam and the seed, what little there was of it, was stored on the barn floor. It was so slippery that it ran all over the floor almost like water.

The straw was almost as big a problem. Tough and wiry, it was no good for littering livestock so it was left in a stack on the field. It was there that a couple of my playmates and myself discovered that if we chopped it up into short lengths with our penknives and rolled it in small pieces of newspaper we could smoke it.

The taste was vile but we felt very grown up - until my father discovered us at it one



By David Richardson

day and belted our backsides. Soon after, having found no other use for the straw, he burned the stack. He vowed never to grow linseed again and he was not alone. Most other farmers who had been pushed into growing the crop at that time made the same resolution and production stagnated. It is hardly surprising therefore that my later feelings towards linseed were less than enthusiastic.

But time, varieties and indeed the market for linseed have all moved on as the recent upsurge in interest demonstrates. Since the mid-1980s the acreage of linseed grown in the UK has increased by an average of about 30 per cent a year, rising from less than 3,000 acres in 1984 to an estimated 66,000 acres this year.

The main reason for such a dramatic rise is the area aid paid by the European Community to linseed growers.

It is a complicated and lengthy calculation, the result of which is intended to bridge the difference between the EC's guide price and the world price for linseed once average yields in the Community have been established. This means that payment to growers is delayed until eight or nine months after the crop is harvested. Given that the EC guide price has risen from £38.54 last year to £43.15 this year, however, it would be reasonable to assume that the acreage subsidy for this year's crops will be substantially above last year's.

Growers generally concede in fact that the subsidy covers the variable cost of producing linseed, leaving the sale value of what they produce to cover fixed costs and provide any profit. The operator's price for linseed during the last 12 months has ranged from £170 to £200 a tonne ex-farm. Growing a good yield is therefore crucial and although present day varieties are more reliable than their predecessors it can vary from 10 cwt to almost

1.5 tonnes per acre in exceptional cases, with the average between 15 cwt and a tonne on most farms.

Clearly, however, viability relies heavily on the continuation of area aid. Advocates of the crop claim that this is not in jeopardy at least for a few years. They point out that in spite of recent expansion the EC is still only 15 per cent self-sufficient in linseed and has to import over 1m tonnes a year, mainly from Canada and the Argentine, which is of course the motivation for the Commission's encouragement to grow. Furthermore Britain is said to have an ideal climate for growing linseed - at present it produces 75 per cent of the European crop.

Other important advantages include the fact that linseed is environment-friendly. Its fertilizer requirements for instance are limited to about 60 units of nitrogen an acre (compared with up to 200 units for wheat) and as it has less pests and diseases than most other crops needs less chemicals.

In addition, for three weeks each June the pale blue flowers that bloom every morning then fall to the ground to be replaced by new ones the following day beautify the countryside in an arguably less vulgar way than bright yellow oilseed rape.

At present little linseed oil is used in cooking anywhere in the world because of its linoleic acid content, which means it forms a film on its surface when exposed to air - the very property which makes it ideal for paint. In the US, however, researchers are currently investigating possible human health benefits that may result from taking linseed oil.

The plant is in the same family as evening primrose and borage, whose seeds produce gammalinolenic acid, which is claimed to be anti-inflammatory and to have anti-cancer properties for patients. It is also claimed to reduce cholesterol levels.

All this may be for the future but in the meantime it is encouraging for a farmer like me to be looking at a crop for which demand is well above domestic supply.

The fact that it can be grown and harvested with the same equipment used for cereals these days also means that it can be tried at low cost. I feel sure, however, that some of the old problems that bothered my father in the 1940s still exist. I shall therefore proceed with caution and restrict any field-scale experiments to a limited acreage for the time being. But I shall not be smoking the linseed straw. I gave that up when I was 12.

'Little danger' of Soviet gold flood

Kenneth Gooding on the second day of the Venice conference

THE SOVIET Union shipped between 250 and 300 tonnes of gold bullion to Zurich and London in the first five months of this year, compared with total of nearly 300 tonnes for the whole of 1988, said Mr Alfred Schneider, first vice-president, Swiss Bank Corporation, at the second day of the Financial Times World Gold Conference.

But he insisted there was little danger of the market being flooded with Soviet gold.

Mr Schneider said nobody knew how much of this year's Soviet gold had been sold outright but he believed it was only a small fraction of the total.

He would have been wrapped with commercial banks to raise short-term credits to pay for imports.

He believed most of this year's fund-raising had been completed in the form of gold exports to the West could be expected to decline in the second half of 1990 to below last year's average level.

Mr Schneider said he was convinced that this year's gold export would decline somewhat rather than increase in coming years.

Some speakers yesterday were worried that the price of gold to 1990. Both Mr

reached as early as October, 1991, or maybe not until July, 1992.

It was "legitimate to suggest" that the next bull market in gold would end below \$420 an ounce.

Mr David Pryde, managing director, JP Morgan, suggested that in the 1990s central banks would manage their gold reserves more aggressively "and with more of an eye for liquidity rather than long-term investment".

Central bank activity might well be pivotal in determining intermediate and long-term price trends.

"I foresee the growing tendency to swap the gold reserves for cash since they represent quick and confidential methods of generating liquidity. I believe we are already seeing the beginning of this in 1989 central bank sales amounted to 200 tonnes, albeit from a handful of banks," he said.

Mr Sidney Gold, managing director, Philipp Brothers, suggested that one method of encouraging a revival of private investor interest in the metal would be to have gold-backed securities which could be sold via the US's 400,000 authorised securities dealers.

The New York Commodity Exchange was to introduce such a product, the GAP (gold asset participation) to be

reached as early as October, 1991, or maybe not until July, 1992.

It was "legitimate to suggest" that the next bull market in gold would end below \$420 an ounce.

Mr David Pryde, managing director, JP Morgan, suggested that in the 1990s central banks would manage their gold reserves more aggressively "and with more of an eye for liquidity rather than long-term investment".

Central bank activity might well be pivotal in determining intermediate and long-term price trends.

"I foresee the growing tendency to swap the gold reserves for cash since they represent quick and confidential methods of generating liquidity. I believe we are already seeing the beginning of this in 1989 central bank sales amounted to 200 tonnes, albeit from a handful of banks," he said.

Mr Sidney Gold, managing director, Philipp Brothers, suggested that one method of encouraging a revival of private investor interest in the metal would be to have gold-backed securities which could be sold via the US's 400,000 authorised securities dealers.

The New York Commodity Exchange was to introduce such a product, the GAP (gold asset participation) to be

reached as early as October, 1991, or maybe not until July, 1992.

It was "legitimate to suggest" that the next bull market in gold would end below \$420 an ounce.

Mr David Pryde, managing director, JP Morgan, suggested that in the 1990s central banks would manage their gold reserves more aggressively "and with more of an eye for liquidity rather than long-term investment".

Central bank activity might well be pivotal in determining intermediate and long-term price trends.

"I foresee the growing tendency to swap the gold reserves for cash since they represent quick and confidential methods of generating liquidity. I believe we are already seeing the beginning of this in 1989 central bank sales amounted to 200 tonnes, albeit from a handful of banks," he said.

Mr Sidney Gold, managing director, Philipp Brothers, suggested that one method of encouraging a revival of private investor interest in the metal would be to have gold-backed securities which could be sold via the US's 400,000 authorised securities dealers.

The New York Commodity Exchange was to introduce such a product, the GAP (gold asset participation) to be

reached as early as October, 1991, or maybe not until July, 1992.

It was "legitimate to suggest" that the next bull market in gold would end below \$420 an ounce.

Mr David Pryde, managing director, JP Morgan, suggested that in the 1990s central banks would manage their gold reserves more aggressively "and with more of an eye for liquidity rather than long-term investment".

Central bank activity might well be pivotal in determining intermediate and long-term price trends.

"I foresee the growing tendency to swap the gold reserves for cash since they represent quick and confidential methods of generating liquidity. I believe we are already seeing the beginning of this in 1989 central bank sales amounted to 200 tonnes, albeit from a handful of banks," he said.

Mr Sidney Gold, managing director, Philipp Brothers, suggested that one method of encouraging a revival of private investor interest in the metal would be to have gold-backed securities which could be sold via the US's 400,000 authorised securities dealers.

The New York Commodity Exchange was to introduce such a product, the GAP (gold asset participation) to be

reached as early as October, 1991, or maybe not until July, 1992.

It was "legitimate to suggest" that the next bull market in gold would end below \$420 an ounce.

Mr David Pryde, managing director, JP Morgan, suggested that in the 1990s central banks would manage their gold reserves more aggressively "and with more of an eye for liquidity rather than long-term investment".

Central bank activity might well be pivotal in determining intermediate and long-term price trends.

"I foresee the growing tendency to swap the gold reserves for cash since they represent quick and confidential methods of generating liquidity. I believe we are already seeing the beginning of this in 1989 central bank sales amounted to 200 tonnes, albeit from a handful of banks," he said.

Mr Sidney Gold, managing director, Philipp Brothers, suggested that one method of encouraging a revival of private investor interest in the metal would be to have gold-backed securities which could be sold via the US's 400,000 authorised securities dealers.

The New York Commodity Exchange was to introduce such a product, the GAP (gold asset participation) to be

reached as early as October, 1991, or maybe not until July, 1992.

It was "legitimate to suggest" that the next bull market in gold would end below \$420 an ounce.

Mr David Pryde, managing director, JP Morgan, suggested that in the 1990s central banks would manage their gold reserves more aggressively "and with more of an eye for liquidity rather than long-term investment".

Central bank activity might well be pivotal in determining intermediate and long-term price trends.

"I foresee the growing tendency to swap the gold reserves for cash since they represent quick and confidential methods of generating liquidity. I believe we are already seeing the beginning of this in 1989 central bank sales amounted to 200 tonnes, albeit from a handful of banks," he said.

Mr Sidney Gold, managing director, Philipp Brothers, suggested that one method of encouraging a revival of private investor interest in the metal would be to have gold-backed securities which could be sold via the US's 400,000 authorised securities dealers.

The New York Commodity Exchange was to introduce such a product, the GAP (gold asset participation) to be

reached as early as October, 1991, or maybe not until July, 1992.

It was "legitimate to suggest" that the next bull market in gold would end below \$420 an ounce.

Mr David Pryde, managing director, JP Morgan, suggested that in the 1990s central banks would manage their gold reserves more aggressively "and with more of an eye for liquidity rather than long-term investment".

Central bank activity might well be pivotal in determining intermediate and long-term price trends.

"I foresee the growing tendency to swap the gold reserves for cash since they represent quick and confidential methods of generating liquidity. I believe we are already seeing the beginning of this in 1989 central bank sales amounted to 200 tonnes, albeit from a handful of banks," he said.

reached as early as October, 1991, or maybe not until July, 1992.

It was "legitimate to suggest" that the next bull market in gold would end below \$420 an ounce.

Mr David Pryde, managing director, JP Morgan, suggested that in the 1990s central banks would manage their gold reserves more aggressively "and with more of an eye for liquidity rather than long-term investment".

Central bank activity might well be pivotal in determining intermediate and long-term price trends.

"I foresee the growing tendency to swap the gold reserves for cash since they represent quick and confidential methods of generating liquidity. I believe we are already seeing the beginning of this in 1989 central bank sales amounted to 200 tonnes, albeit from a handful of banks," he said.

Mr Sidney Gold, managing director, Philipp Brothers, suggested that one method of encouraging a revival of private investor interest in the metal would be to have gold-backed securities which could be sold via the US's 400,000 authorised securities dealers.

The New York Commodity Exchange was to introduce such a product, the GAP (gold

North
American
Companies:

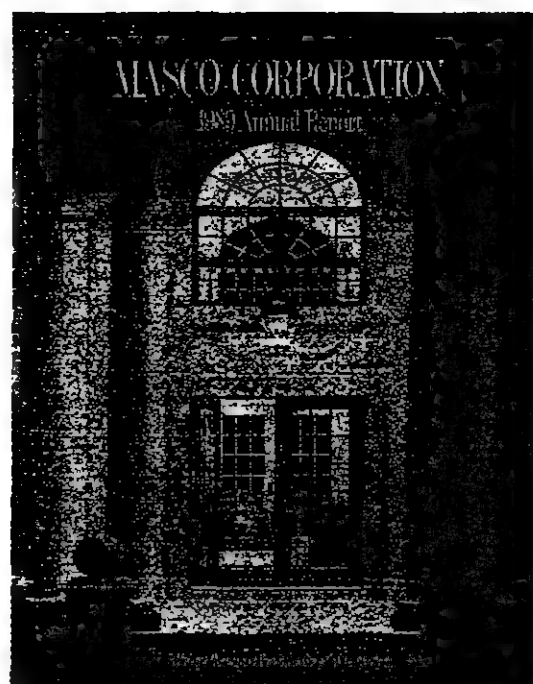
Annual Report 2 Update

Part 2 of two-page series appearing June 26th and 27th



Louisiana Land

The Louisiana Land and Exploration Company (LL&E) is among the largest independent oil and gas exploration and production companies in the U.S. Over 60% of LL&E's proved reserves are located in the U.S., with foreign reserves located in the U.K. and Dutch Sectors of the North Sea, Canada and Colombia. LL&E's Common Stock is listed on the New York Stock Exchange (Symbol: LLX) and numerous foreign exchanges.

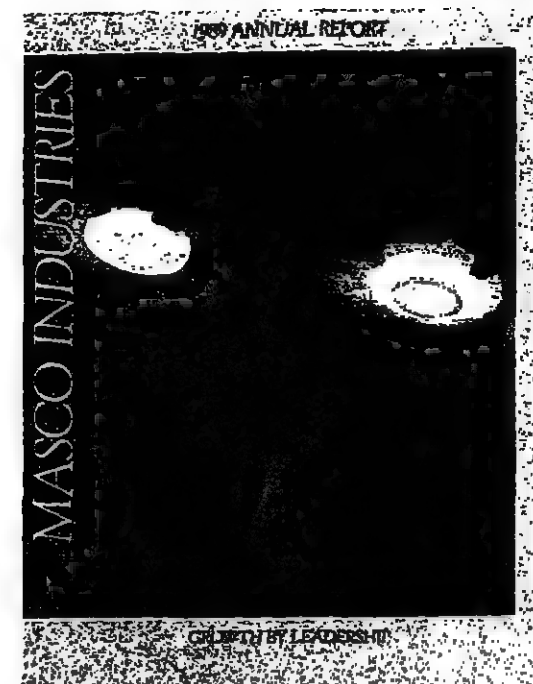


Masco Corporation

"A Unique Consumer Products Growth Company"

Masco Corporation has reported 33 years of growth with both sales and earnings increasing at average annual rates of approximately 20 percent during that period.

Send for our 1989 Annual Report to learn why, we believe, Masco's earnings will continue to grow at an average annual rate of 15-20 percent annually over the next five years, with our sales in 1994 approximating \$5 billion.

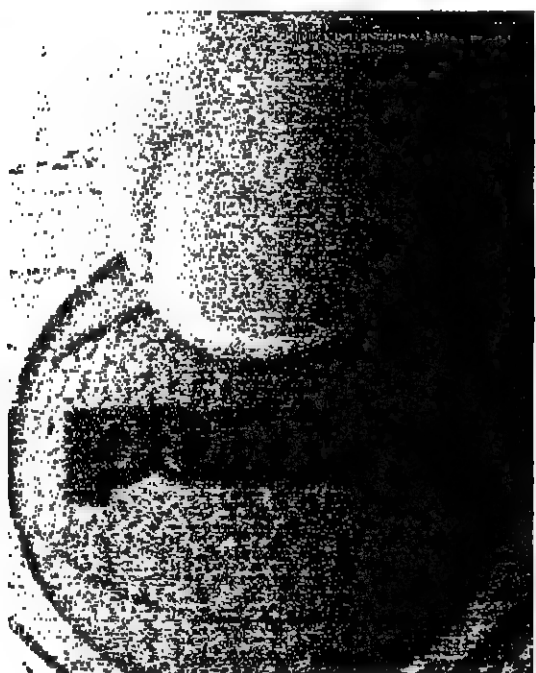


Masco Industries

"A Unique Industrial Growth Company"

Masco Industries is a technology-based company whose corporate objective is to achieve above-average growth by utilizing our design, engineering and manufacturing skills to develop innovative processes and products for an expanding number of markets.

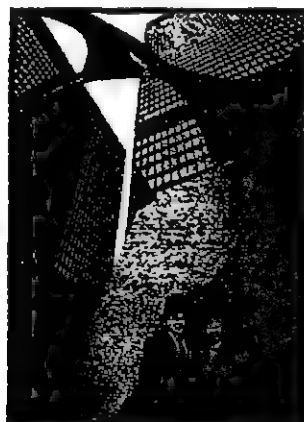
We believe that with consistent application of our proven growth strategies, we can achieve significant increases in earnings per share over the next five years in pursuit of our goal of building... "a unique industrial growth company."



Reebok

Reebok International Ltd. (NYSE:RBK) is a leading global designer and marketer of active lifestyle and performance products, including footwear and apparel. Reebok introduced its unique PUMP™ technology, featuring an internal air-bladder system, last November in a premium basketball shoe and is now extending this technology into other athletic footwear lines. Reebok reported record sales and earnings of \$1.822 billion and \$175 million, respectively, in 1989. Reebok's family of brands also includes WIA, Elisse (North America), Rockport and Boston Whaler.

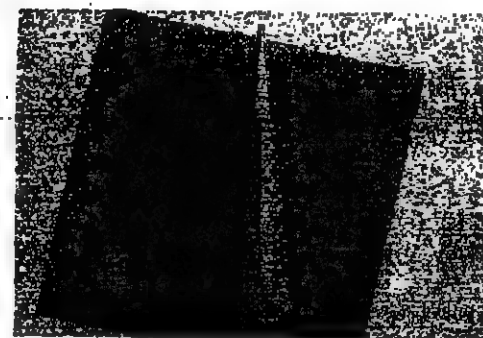
1989 Annual Report



Southwestern Bell

Southwestern Bell Corporation is a family of regional, national and international companies at the forefront of the burgeoning communications industry. Its cellular and paging operations are among the largest and fastest growing in the country. 1989 assets: \$21 billion; revenues: \$8.7 billion; earnings per share: \$3.64; and dividends: \$2.76.

"We're Different on the Inside, Too"



Transamerica Corporation

Transamerica's mission is to be the premier provider of specialized financial and insurance services to individuals and organizations. In 1989, net income grew 27 percent and was evenly balanced between finance and insurance. Our 1989 annual report discusses our operating results and our corporate strategy of focusing on high-return, high-growth financial services businesses.



UtiliCorp United

UtiliCorp has grown rapidly by acquiring seven electric and gas utilities for \$421 million. It is also expanding in non-regulated areas of its industry, primarily natural gas marketing and supply and independent power production. Net income rose 18% in 1989 to a record \$48.3 million. Total assets grew 30% to \$1.5 billion. UtiliCorp serves 810,000 electric and gas customers in eight states of the U.S. and one Canadian province. (NYSE:UCU)

Send for the following Annual Reports

- ☐ 9. Louisiana Land ☐ 10. Masco Corp. ☐ 11. Masco Ind. ☐ 12. Reebok
☐ 13. Southwestern Bell ☐ 14. Transamerica ☐ 15. UtiliCorp

You can also send for these Annual Reports
which were featured on June 26th

- ☐ 1. Alliance Capital ☐ 2. Ametek ☐ 3. Bell Atlantic ☐ 4. CSX
☐ 5. Echlin ☐ 6. Engelhard ☐ 7. Federal-Mogul ☐ 8. Inco

Fill out coupon below or attach business card:

Name/Title _____
Company _____
Address _____
City _____
Prov or State _____ Postcode _____
Country _____

MAIL TO: Anna Fairfax
Financial Times
Number One Southwark Bridge
London SE1 9HL U.K.

OR

Pamela Eldridge
Financial Times
14 East 60th Street
New York, NY 10022 U.S.A.

1989

LONDON STOCK EXCHANGE

June futures contract sets the pace

A VOLATILE performance from a UK stock market largely driven by stock futures resulted in a cliff-hanging finish yesterday, with the FT-SE index finally losing a battle to hold on to the 2,400 mark regained in early trade.

External factors, including Wall Street's response to ambiguous comments by President Bush on tax revenue increases to reduce the US Budget deficit, were thrust aside as London marketmakers struggled to sort out positions in the Footsie June futures contract which expires on Friday.

Beneath the excitement the equity market appeared buoyant, with institutions unwilling

Account	Settlement Date
First Settlement	Jun 27
Option Expiry	Jul 6
Second Settlement	Jul 6
Last Day	Jul 6
Final Day	Jul 6

Market conditions may have been more volatile than the headline figures suggest.

to sell ahead of the close of the half year, and some foreign funds still buyers on expectations of early British entry into the EMS exchange rate mechanism.

Share prices opened firmly, despite Wall Street's fall overnight, and were then pushed to a 21.6 gain on the Footsie by

early activity in June futures: the June contract moved to a premium of around 30 points, and marketmakers hurried to buy the underlying Footsie stocks.

Leading marketmakers have built up substantial positions in the Footsie June future and, since the premium must technically shrink to zero at Friday's expiry, the play between the future contract and the underlying index became vigorous yesterday. The pressure in the cash market eased when the premium on the June future shrank - eventually to zero, according to the calculation of fair value by one leading securities house.

The FT-SE index peaked for the day at 2,420.1 as early as 9.14am, and began a slow decline which quickened when a further advance by sterling discouraged buying of the blue chip stocks in London; "we can buy many of them cheaper in the US," explained one specialist in the cross Atlantic share trading.

But London was not particularly interested when New York opened the new session with a gain of 24 Dow points as Federal bonds responded to President Bush's remarks on fiscal policy. London tried to steady when the Footsie 2,400 line was first lost, but recorded a shade in the final minutes.

The closing reading showed the FT-SE index at 2,399.2, a mere 1.3 up on the day.

Revised optimism for early ERM entry and cuts in domestic interest rates brought a brief rise in property stocks, which have also been encouraged by further lettings of property in London's major Canary Wharf Docklands development, but share gains were not held at the close.

Seag trading volume rose sharply to 481.2m shares from 379.1m in the previous session. However, yesterday's total included a high proportion of inter-market business as marketmakers unwound trading positions.

Rerating hurts NatWest

THE SERIES of swinging cuts in profits forecasts in the banking sector were taken a stage further yesterday when Smith New Court topped more than 200m off its current year forecast for National Westminster Bank, lowering its expectation to £1.15bn. Ms Alison Deuchars said this took the Smith forecast "from the top of the range to what we think is now the lowest."

Ms Deuchars said this sharp reduction was blamed on NatWest's potential bad debts in the UK and the US. The bank would have to make a "substantial" further provision against its US real estate loan book, "possibly of as much as \$200m for the year - a \$50m provision has already been made, and that includes nothing for the Donald Trump businesses."

Smiths estimate that bad debts in the UK could reach \$500m, a figure which included "nothing major, just pressure across the whole of the loan book." The analyst is also shaving her NatWest dividend forecast from 10.25p to 10.10p while pointing out that this still represents a 14 per cent increase on the previous year. "The downgrade," she added, "confirms our sector preferences for Barclays and Lloyds."

She expected NatWest shares to underperform and said the outlook for Lloyds was "looking rosy - we think it is the only bank likely to come up with profits higher at the underlying level." Smith New Court visits Barclays Bank today.

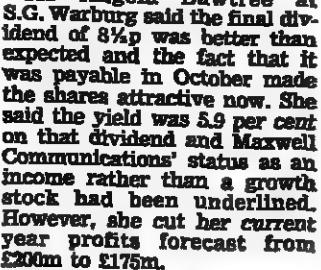
NatWest shares closed 5 off at 335p on 4.4m, while Barclays were a fraction off at 412p on 4m. Lloyds rose 5 to 302p.

Maxwell disappoints

Year-end profits from Maxwell Communications were below the bottom of the range of analysts' forecasts, but a fall in the share price was cushioned by a good dividend payout. The full year profit of £172.3m compared with forecasts of above £185m. The verdict of both analysts and marketmakers was that the figures were disappointing.

Mr Brian Stanger at BZW downgraded Maxwell from a buy to a hold and cut his price forecast. The new prediction for the current year is £190m, instead of £205m. He was particularly concerned with an exceptional loss to do with the lease on the Mirror

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)

Index-Weighted and Cross-Sectional



BAe rally further

British Aerospace continued to regain health after last week's savaging on news of the cuts in defence spending and the cancellation of 81 Tornado fighter orders. The shares rallied quite briskly and ended a further 8 to 550p, although Nikko Securities (Europe) recommended investors to reduce holdings in the stock.

In a detailed survey of BAe, Mr Alexander Stewart believes the group is likely to experience a difficult period for profits over the next two to three years. It also faces a significant negative cash flow over several years, said the analyst, but he conceded that "this company group does have long-term potential."

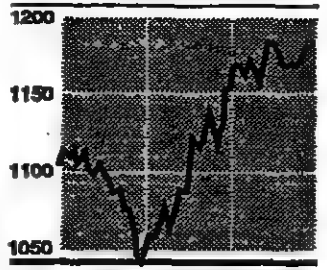
As one of the leading European defence contractors, it is in a position to use the forthcoming squeeze in the defence industry to acquire weaker rivals in order to strengthen its position, suggested Mr Stewart.

Volume in British Steel failed to match Monday's exceptionally heavy level, but was still high relative to overall market business. A report of a deal to acquire the US steel and energy group, underlined the UK steelmaker's known determination to expand internationally, prompting support for the share which settled 1 1/2 better at 148p.

NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (HS)	NEW LOWS (LS)
BRITISH FUND (1) BRITISH FUND (2) BRITISH FUND (3) BRITISH FUND (4) BRITISH FUND (5) BRITISH FUND (6) BRITISH FUND (7) BRITISH FUND (8) BRITISH FUND (9) BRITISH FUND (10)	BRITISH FUND (1) BRITISH FUND (2) BRITISH FUND (3) BRITISH FUND (4) BRITISH FUND (5) BRITISH FUND (6) BRITISH FUND (7) BRITISH FUND (8) BRITISH FUND (9) BRITISH FUND (10)

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)

Index-Weighted and Cross-Sectional



BAe rally further

British Aerospace continued to regain health after last week's savaging on news of the cuts in defence spending and the cancellation of 81 Tornado fighter orders. The shares rallied quite briskly and ended a further 8 to 550p, although Nikko Securities (Europe) recommended investors to reduce holdings in the stock.

In a detailed survey of BAe, Mr Alexander Stewart believes the group is likely to experience a difficult period for profits over the next two to three years. It also faces a significant negative cash flow over several years, said the analyst, but he conceded that "this company group does have long-term potential."

As one of the leading European defence contractors, it is in a position to use the forthcoming squeeze in the defence industry to acquire weaker rivals in order to strengthen its position, suggested Mr Stewart.

Volume in British Steel failed to match Monday's exceptionally heavy level, but was still high relative to overall market business. A report of a deal to acquire the US steel and energy group, underlined the UK steelmaker's known determination to expand internationally, prompting support for the share which settled 1 1/2 better at 148p.

NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (HS)	NEW LOWS (LS)
BRITISH FUND (1) BRITISH FUND (2) BRITISH FUND (3) BRITISH FUND (4) BRITISH FUND (5) BRITISH FUND (6) BRITISH FUND (7) BRITISH FUND (8) BRITISH FUND (9) BRITISH FUND (10)	BRITISH FUND (1) BRITISH FUND (2) BRITISH FUND (3) BRITISH FUND (4) BRITISH FUND (5) BRITISH FUND (6) BRITISH FUND (7) BRITISH FUND (8) BRITISH FUND (9) BRITISH FUND (10)

Foods, down 3 at 405p, Hillsdown, which peaked at 289p

closed at 289p, a net penny

wake, and Banks & Morris

McDonald, 5 lower at 350p.

An early seller of a long line of Asia stock left the shares weak all day. They closed at 115p, down 4.

Shares in Pison, the electronic software group famous for its electronic personal organisers and laptop personal computers, plummeted from an overnight 125p down to 85p after the group issued a profits warning, before stabilising and settling a net 5 off at 90p.

The company said its interim results for the period to end-June, expected in September, "are likely to show a substantially reduced level of pre-tax profits than for the comparable period the previous year." The cause, said Pison, is the poor performance of Dacoma Systems, which it said will show a significant loss for the period.

The electronic components stocks were fully steady early in the day but came under pressure in mid-session when James Capel issued a take profits note on the sub-sector. Mr Jim Rowe, electronics analyst at Capel, said the stocks "have had a good run over the past month or so during which they have outperformed by 11 per cent."

British Telecom was marginally lower at 303 1/2p with turnover of 10m said to have been boosted by institutional buying which was offset by yet more selling from employees who held share options.

The announcement by Motorola that it had developed a satellite-based cellular radio

Foods, down 3 at 405p, Hillsdown, which peaked at 289p

closed at 289p, a net penny

wake, and Banks & Morris

McDonald, 5 lower at 350p.

An early seller of a long line of Asia stock left the shares weak all day. They closed at 115p, down 4.

Shares in Pison, the electronic software group famous for its electronic personal organisers and laptop personal computers, plummeted from an overnight 125p down to 85p after the group issued a profits warning, before stabilising and settling a net 5 off at 90p.

The company said its interim results for the period to end-June, expected in September, "are likely to show a substantially reduced level of pre-tax profits than for the comparable period the previous year." The cause, said Pison, is the poor performance of Dacoma Systems, which it said will show a significant loss for the period.

The electronic components stocks were fully steady early in the day but came under pressure in mid-session when James Capel issued a take profits note on the sub-sector. Mr Jim Rowe, electronics analyst at Capel, said the stocks "have had a good run over the past month or so during which they have outperformed by 11 per cent."

British Telecom was marginally lower at 303 1/2p with turnover of 10m said to have been boosted by institutional buying which was offset by yet more selling from employees who held share options.

The announcement by Motorola that it had developed a satellite-based cellular radio

FINANCIAL TIMES STOCK INDICES

	June 26	June 25	June 24	June 23	June 22	June 21	June 20	Year Ago	1990	High	Low	Since Completion
												High
Financial Score	88.37	88.35	80.39	80.19	79.85	85.01	85.45	84.20	74.13	127.4	48.18	21(173)
Fixed Interest	89.41	88.54	88.57	88.44	88.44	85.45	85.45	82.01	81.25	105.4	50.53	20(173)
Ordinary Share	1029.6	1029.4	991.3	1000.3	1000.4	1185.7	1988.3	1988.3	1959.6	2001.6	49.4	26(640)
Gold Mines	174.3	173.9	171.9	171.8	169.8	192.6	378.5	378.5	167.8	151(69)	45.5	15(167)
							(8/2)	(8/2)	(8/2)	15(169)	20(107)	
PT-EE 100 Share	2300.0	2398.5	2375.5	2373.3	2371.2	2206.4	2463.7	2463.7	2193.4	2463.7	886.9	23(784)
							(30/4)	(30/4)	(30/4)	(30/4)	23(784)	
Ord. Div. Yield	4.81	4.80	4.84	4.85	4.85	4.36						
Earnings Yield % (full)	10.91	10.87	10.67	10.69	10.69	10.26						
P/E Ratio (full)	11.42	11.44	11.35	11.32	11.32	11.74						
					</							

LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 071-925-2128

BANKS, HP & LEASING

1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	59
------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	----

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2129

	Net Change	Comp. Price	Std. Price	Net Change	Net Change
Brown Shipley & Co Ltd - Contd.					
North American ..	61	62.54	62.54	66.61	-0.25
Orlist 8	61	116.8	116.8	125.0	-4.88
Shoreway	61	44.42	44.42	47.31	-0.11
Smalley Con Acc ..	61	246.9	246.9	262.4	-

[illegible]

محمد بن عبد الله

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

[illegible]

جواب: ۱۰

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128.

MANAGED FUNDS NOTES

Prices are in pennies unless otherwise indicated and those designated S which net profits refer to U.S. Dollars. Yields % are based on trailing expenses. Prices of certain closed-end insurance listed funds are shown as bid prices. Insurance lists Distribution Index of UK Lanes, p. Private profit insurance plans & Single premium insurance, s. Offer price includes all expenses except agent's commission.

Priorities: C = preferred stock; D = common stock; E = Preferred Stock before Jersey Lanes. Ex-subordination & Rmly available to charitable bodies & Y-axis column shows annualized rates of NAV increase at end dividend.

Not S or N = Not Subject to Regulatory authority for these funds are: Guyanese Financial Services Commission, Isle of Man Financial Supervision Commission, Jersey Commercial Relations Department.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar falls on Bush remarks

THE US DOLLAR fell yesterday to a 16-month low against sterling after President George Bush said that "tax revenue increases" would have to be part of any budget deficit reduction package. Although Mr Bush did not say taxes would be raised, the markets moved on that interpretation. Investors sold dollars on the assumption that a reduction in the budget deficit could lead to a cut in interest rates.

The currency markets were initially uncertain how to react but eventually they followed the stock and bond markets in believing that possible tax cuts could lead to lower rates. The dollar continued to weaken after London closed.

But many analysts treated the market's reaction with caution. Mr Robin Aspinall, director of currency economics at Hoare Govett, said traders had been looking for an excuse to sell the dollar. "It's been struggling recently to hold at the higher levels and had been due for a fall."

But analysts added that uncertainty about the outlook for US monetary policy could make the market nervous to drive the dollar sharply lower. Recent economic data has suggested slower economic growth but the Federal Reserve could leave rates unchanged in order to avoid a resurgence of inflationary pressures. The dollar closed lower at DM1.6715 from DM1.6780; at SF1.4050 from SF1.4095; at ¥155.15 from ¥155.35; and at FF5.6075 from FF5.6325. The dollar's index, calculated by the Bank of England, fell 0.1 point to 67.4.

The dollar's weakness helped bolster the D-Mark, which had fallen at one stage to the bottom of the European Monetary System currency grid. The uncertainty over the implications of German monetary union, which begins next week, made traders nervous. The D-Mark strengthened to

¥282.85 from ¥282.50 and by the London close it had moved off the bottom of the EMS grid. Sterling continued to be supported by high interest rates, although there were signs that its recent rally may be drawing to a close. Despite its gains against the dollar, sterling struggled to hold above DM2.91 and eventually fell back to close lower on the day. Sterling closed lower at DM2.9000 from DM2.9025; at FF9.7475. But it firmed to \$1.7355 from \$1.7305, its highest close since 28 February, 1989; and to ¥289.25 from ¥287.40. Sterling's index was up 0.3 point at 91.5.

The Canadian dollar continued to be supported by high interest rates despite worries about political instability after the collapse of the Meech Lake constitutional accord. The US dollar fell to 1.729 Canadian dollars from 1.730.

EURO CURRENCY INTEREST RATES

	3 months	6 months	12 months	18 months	24 months
London	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14
Frankfurt	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14
Paris	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14
Geneva	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14
Basel	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14
Brussels	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14
Amsterdam	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14
Madrid	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14
Barcelona	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14
Valencia	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14
Seville	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14
Granada	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14
Malaga	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14
Almeria	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14
Cadix	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14
Huelva	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14
San Sebastian	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14
Pamplona	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14
León	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14
Vigo	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14
Ourense	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14
Lugo	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14
Noya	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14
Coruña	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14
A Coruña	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14
Lugo	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14
Noya	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14
Coruña	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14
A Coruña	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14	14.14-14.14

STERLING INDEX

	June 26	June 27	June 28
100 = 1979	100.00	100.00	100.00
1980	100.00	100.00	100.00
1981	100.00	100.00	100.00
1982	100.00	100.00	100.00
1983	100.00	100.00	100.00
1984	100.00	100.00	100.00
1985	100.00	100.00	100.00
1986	100.00	100.00	100.00
1987	100.00	100.00	100.00
1988	100.00	100.00	100.00
1989	100.00	100.00	100.00
1990	100.00	100.00	100.00

CURRENCY RATES

STERLING INDEX			
		June 26	Previous
8.30	AM	91.2	91.1
9.00	AM	91.2	91.1
10.00	AM	91.2	91.1
11.00	AM	91.6	91.3
12.00	PM	91.4	91.3
1.00	PM	91.4	91.3
2.00	PM	91.3	91.2
3.00	PM	91.4	91.2

Ind. net 15

CANADA

Sales	Stock	High	Low	Close	Chng	Sales	Stock	High	Low	Close	Chng	Sales	Stock	High	Low	Close	Chng
TORONTO																	
2pm prices June 26																	
Outlookers in cents unless marked \$																	
4132 Asiana H	91.5	15.5	15.5	+		2001 CHUM B I	820	20	20	+		9169 Remance	314.5	13.5	14.5	+	
5402 Aquatic E	37.5	7.5	7.5	+		13502 Canpac	35.5	5.5	5.5	+		1300 Ropap I	38.5	8	8	+	
2012 Alberta En	215.5	15.5	15.5	+		13503 Canpac	35.5	5.5	5.5	+		1300 Ropap II	38.5	8	8	+	
200 Alberta H	215.5	15.5	15.5	+		115334 Canpac	35.5	5.5	5.5	+		1300 Ropap III	38.5	8	8	+	
6125 Alcan	325.5	25.5	25.5	+		41300 Can TVI	35.5	5.5	5.5	+		400 Rpmag	25.5	6.5	6.5	+	
32660 A Darrick	325.5	25.5	25.5	+		400 Canpac	35.5	5.5	5.5	+		100 Richmond	25.5	6.5	6.5	+	
12000 Aco I I	311.5	11	11	+		400 Canpac	35.5	5.5	5.5	+		2000 Royal Bm	25.5	6.5	6.5	+	
14218 BCC Inc	325.5	25.5	25.5	+		400 Canpac	35.5	5.5	5.5	+		2483 Ry Treo	314.5	14.5	14.5	+	
10300 BCE D	325.5	25.5	25.5	+		400 Canpac	35.5	5.5	5.5	+		254 SCL Corp I	30.5	8.5	8.5	+	
3200 BCE Super	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		400 SCL Corp II	31.5	8.5	8.5	+	
7000 BCE A	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		200 Schenker A	317.5	17.5	17.5	+	
3200 BCE B	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		1641 Scot Paper	318.5	17.5	17.5	+	
3200 BCE C	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		3000 Scot Paper	319.5	18.5	18.5	+	
3200 BCE D	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		400 Scot P	319.5	18.5	18.5	+	
3200 BCE E	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		1665 Sengora	320.5	20.5	20.5	+	
3200 BCE F	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		3000 Scot Paper	321.5	21.5	21.5	+	
3200 BCE G	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		800 Shaw B I	317.5	17.5	17.5	+	
3200 BCE H	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		27000 Shaw Can	328.5	28.5	28.5	+	
3200 BCE I	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		19400 Sherbrooke	329.5	29.5	29.5	+	
3200 BCE J	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		11300 Sherbrooke	330.5	30.5	30.5	+	
3200 BCE K	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		1000 Spar Aero I	331.5	31.5	31.5	+	
3200 BCE L	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		11100 Spar Aero	332.5	32.5	32.5	+	
3200 BCE M	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		4000 TCC Bm	333.5	33.5	33.5	+	
3200 BCE N	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		500 TCC Bm	334.5	34.5	34.5	+	
3200 BCE O	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		1000 TCC Bm	335.5	35.5	35.5	+	
3200 BCE P	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		200 TCC Bm	336.5	36.5	36.5	+	
3200 BCE Q	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		300 TCC Bm	337.5	37.5	37.5	+	
3200 BCE R	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		400 TCC Bm	338.5	38.5	38.5	+	
3200 BCE S	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		500 TCC Bm	339.5	39.5	39.5	+	
3200 BCE T	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		600 TCC Bm	340.5	40.5	40.5	+	
3200 BCE U	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		700 TCC Bm	341.5	41.5	41.5	+	
3200 BCE V	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		800 TCC Bm	342.5	42.5	42.5	+	
3200 BCE W	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		900 TCC Bm	343.5	43.5	43.5	+	
3200 BCE X	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		1000 TCC Bm	344.5	44.5	44.5	+	
3200 BCE Y	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		1100 TCC Bm	345.5	45.5	45.5	+	
3200 BCE Z	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		1200 TCC Bm	346.5	46.5	46.5	+	
3200 BCE AA	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		1300 TCC Bm	347.5	47.5	47.5	+	
3200 BCE AB	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		1400 TCC Bm	348.5	48.5	48.5	+	
3200 BCE AC	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		1500 TCC Bm	349.5	49.5	49.5	+	
3200 BCE AD	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		1600 TCC Bm	350.5	50.5	50.5	+	
3200 BCE AE	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		1700 TCC Bm	351.5	51.5	51.5	+	
3200 BCE AF	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		1800 TCC Bm	352.5	52.5	52.5	+	
3200 BCE AG	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		1900 TCC Bm	353.5	53.5	53.5	+	
3200 BCE AH	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		2000 TCC Bm	354.5	54.5	54.5	+	
3200 BCE AI	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		2100 TCC Bm	355.5	55.5	55.5	+	
3200 BCE AJ	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		2200 TCC Bm	356.5	56.5	56.5	+	
3200 BCE AK	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		2300 TCC Bm	357.5	57.5	57.5	+	
3200 BCE AL	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		2400 TCC Bm	358.5	58.5	58.5	+	
3200 BCE AM	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		2500 TCC Bm	359.5	59.5	59.5	+	
3200 BCE AN	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		2600 TCC Bm	360.5	60.5	60.5	+	
3200 BCE AO	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		2700 TCC Bm	361.5	61.5	61.5	+	
3200 BCE AP	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		2800 TCC Bm	362.5	62.5	62.5	+	
3200 BCE AQ	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		2900 TCC Bm	363.5	63.5	63.5	+	
3200 BCE AR	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		3000 TCC Bm	364.5	64.5	64.5	+	
3200 BCE AS	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		3100 TCC Bm	365.5	65.5	65.5	+	
3200 BCE AT	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		3200 TCC Bm	366.5	66.5	66.5	+	
3200 BCE AU	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		3300 TCC Bm	367.5	67.5	67.5	+	
3200 BCE AV	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		3400 TCC Bm	368.5	68.5	68.5	+	
3200 BCE AW	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		3500 TCC Bm	369.5	69.5	69.5	+	
3200 BCE AX	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		3600 TCC Bm	370.5	70.5	70.5	+	
3200 BCE AY	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		3700 TCC Bm	371.5	71.5	71.5	+	
3200 BCE AZ	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		3800 TCC Bm	372.5	72.5	72.5	+	
3200 BCE BA	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		3900 TCC Bm	373.5	73.5	73.5	+	
3200 BCE BB	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		4000 TCC Bm	374.5	74.5	74.5	+	
3200 BCE BC	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		4100 TCC Bm	375.5	75.5	75.5	+	
3200 BCE BD	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		4200 TCC Bm	376.5	76.5	76.5	+	
3200 BCE BE	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		4300 TCC Bm	377.5	77.5	77.5	+	
3200 BCE BF	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		4400 TCC Bm	378.5	78.5	78.5	+	
3200 BCE BG	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		4500 TCC Bm	379.5	79.5	79.5	+	
3200 BCE BH	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		4600 TCC Bm	380.5	80.5	80.5	+	
3200 BCE BI	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		4700 TCC Bm	381.5	81.5	81.5	+	
3200 BCE BJ	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		4800 TCC Bm	382.5	82.5	82.5	+	
3200 BCE BK	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		4900 TCC Bm	383.5	83.5	83.5	+	
3200 BCE BL	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		5000 TCC Bm	384.5	84.5	84.5	+	
3200 BCE BM	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		5100 TCC Bm	385.5	85.5	85.5	+	
3200 BCE BN	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		5200 TCC Bm	386.5	86.5	86.5	+	
3200 BCE BO	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		5300 TCC Bm	387.5	87.5	87.5	+	
3200 BCE BP	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		5400 TCC Bm	388.5	88.5	88.5	+	
3200 BCE BQ	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		5500 TCC Bm	389.5	89.5	89.5	+	
3200 BCE BR	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		5600 TCC Bm	390.5	90.5	90.5	+	
3200 BCE BS	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		5700 TCC Bm	391.5	91.5	91.5	+	
3200 BCE BT	315.5	15.5	15.5	+		400 Canpac	35.5	5.5	5.5	+		5800 TCC Bm	392.5	92.5	92.5	+	
3200 BCE BU	315.5	15.5	15.5	+</													

4pm prices June 26

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

[illegible]

Continued on Page 37

NYSE COMPOSITE PRICES

Continued from previous page																			
12 Month	High	Low	Stock	Div. Yld. %	100000 High	Low	Close	Open	Change	12 Month	High	Low	Stock	Div. Yld. %	100000 High	Low	Close	Open	Change
15	15-16	Rdgd	15	15-16	Rdgd	15	15-16	Rdgd	15	15-16	Rdgd	15	15-16	Rdgd	15	15-16	Rdgd	15	15-16
16	16-17	Rdgd	16	16-17	Rdgd	16	16-17	Rdgd	16	16-17	Rdgd	16	16-17	Rdgd	16	16-17	Rdgd	16	16-17
17	17-18	Rdgd	17	17-18	Rdgd	17	17-18	Rdgd	17	17-18	Rdgd	17	17-18	Rdgd	17	17-18	Rdgd	17	17-18
18	18-19	Rdgd	18	18-19	Rdgd	18	18-19	Rdgd	18	18-19	Rdgd	18	18-19	Rdgd	18	18-19	Rdgd	18	18-19
19	19-20	Rdgd	19	19-20	Rdgd	19	19-20	Rdgd	19	19-20	Rdgd	19	19-20	Rdgd	19	19-20	Rdgd	19	19-20
20	20-21	Rdgd	20	20-21	Rdgd	20	20-21	Rdgd	20	20-21	Rdgd	20	20-21	Rdgd	20	20-21	Rdgd	20	20-21
21	21-22	Rdgd	21	21-22	Rdgd	21	21-22	Rdgd	21	21-22	Rdgd	21	21-22	Rdgd	21	21-22	Rdgd	21	21-22
22	22-23	Rdgd	22	22-23	Rdgd	22	22-23	Rdgd	22	22-23	Rdgd	22	22-23	Rdgd	22	22-23	Rdgd	22	22-23
23	23-24	Rdgd	23	23-24	Rdgd	23	23-24	Rdgd	23	23-24	Rdgd	23	23-24	Rdgd	23	23-24	Rdgd	23	23-24
24	24-25	Rdgd	24	24-25	Rdgd	24	24-25	Rdgd	24	24-25	Rdgd	24	24-25	Rdgd	24	24-25	Rdgd	24	24-25
25	25-26	Rdgd	25	25-26	Rdgd	25	25-26	Rdgd	25	25-26	Rdgd	25	25-26	Rdgd	25	25-26	Rdgd	25	25-26
26	26-27	Rdgd	26	26-27	Rdgd	26	26-27	Rdgd	26	26-27	Rdgd	26	26-27	Rdgd	26	26-27	Rdgd	26	26-27
27	27-28	Rdgd	27	27-28	Rdgd	27	27-28	Rdgd	27	27-28	Rdgd	27	27-28	Rdgd	27	27-28	Rdgd	27	27-28
28	28-29	Rdgd	28	28-29	Rdgd	28	28-29	Rdgd	28	28-29	Rdgd	28	28-29	Rdgd	28	28-29	Rdgd	28	28-29
29	29-30	Rdgd	29	29-30	Rdgd	29	29-30	Rdgd	29	29-30	Rdgd	29	29-30	Rdgd	29	29-30	Rdgd	29	29-30
30	30-31	Rdgd	30	30-31	Rdgd	30	30-31	Rdgd	30	30-31	Rdgd	30	30-31	Rdgd	30	30-31	Rdgd	30	30-31
31	31-32	Rdgd	31	31-32	Rdgd	31	31-32	Rdgd	31	31-32	Rdgd	31	31-32	Rdgd	31	31-32	Rdgd	31	31-32
32	32-33	Rdgd	32	32-33	Rdgd	32	32-33	Rdgd	32	32-33	Rdgd	32	32-33	Rdgd	32	32-33	Rdgd	32	32-33
33	33-34	Rdgd	33	33-34	Rdgd	33	33-34	Rdgd	33	33-34	Rdgd	33	33-34	Rdgd	33	33-34	Rdgd	33	33-34
34	34-35	Rdgd	34	34-35	Rdgd	34	34-35	Rdgd	34	34-35	Rdgd	34	34-35	Rdgd	34	34-35	Rdgd	34	34-35
35	35-36	Rdgd	35	35-36	Rdgd	35	35-36	Rdgd	35	35-36	Rdgd	35	35-36	Rdgd	35	35-36	Rdgd	35	35-36
36	36-37	Rdgd	36	36-37	Rdgd	36	36-37	Rdgd	36	36-37	Rdgd	36	36-37	Rdgd	36	36-37	Rdgd	36	36-37
37	37-38	Rdgd	37	37-38	Rdgd	3													

Notes: Figures are unofficial. Yearly highs and lows reflect the previous 12 weeks from the current week, but not the latest trading day. Dividends are shown for the year ending 12 months prior to or more than one year ago, the year's highest dividend is shown for the new stock only. Unless otherwise noted, the figures are annual dividends based on the current dividend declaration.

Dividend Declaration: Dividend is declared on a quarterly basis. Dividend is

NASDAQ NATIONAL MARKET

3pm prices June 20

[illegible]

AMEX COMPOSITE PRICES

4pm prices
June 25

[illegible]

**Free hand
delivery
service in
TORINO**
(Centro Città)
If you work in the
business centre of
Torino, gain the
edge over your
competitors.

AMERICA

Profit-taking erodes gains inspired by hint on taxes

Wall Street

A LATE round of futures-related programme selling pushed equities marginally lower in the last half hour of trading yesterday, after an early burst of buying on the suggestion by President George Bush that he may have reversed his pledge not to raise taxes, writes Janet Bush in New York.

The Dow Jones Industrial Average closed down 2.73 points at 2842.33 on moderate volume of 141.4m shares, after standing 30 points higher early in the session. The Dow had closed 12.13 points lower on Monday at 2,845.05.

Other major indices were also modestly lower with the Standard & Poor's 500 quoted down 0.14 point at 352.17 and the Nasdaq Composite index of over-the-counter stocks off 0.26 point at 455.58.

Among blue chip issues, International Business Machines gained 1/8 to \$116. The company yesterday unveiled a new line of home computers, re-entering a market in which it failed to make an impact in the mid-1980s.

American Telephone & Telegraph was unchanged at \$41.74, while Morris continued to gain in the wake of its agreement to buy the bulk of Jacobs Suchard of Switzerland, raising another

2% to \$46.50, and Merck was quoted 1/8 higher at \$82.74.

A hint that taxes may be raised as part of a package to cut the budget deficit came in a statement from the President after a meeting with Congressional budget negotiators.

President Bush said tax revenue increases were needed to cut the budget deficit. Democrats responded by saying that an agreement on the budget could now be reached by mid-July.

These developments boosted both equities and bonds. The strong early start on the equity market had also been partly due to a better performance in the Tokyo market which overnight closed higher to end a three-session losing streak.

The positive effect of the tax remarks were short-lived on the equity market which once again fell prey to profit-taking. The failure of shares to maintain their morning highs, despite the fact that long-dated bonds maintained gains of 1/2 point at mid-session, was disappointing and provided evidence of a lack of support at current levels.

Technical indicators continue to signal that the market is vulnerable to selling at these levels. One important bear signal has been the poor performance of the Dow Jones Transportation 75 Average and the Dow Jones Utilities Average

which both fell to their lowest levels on Monday since early May.

Another reason for the vulnerability of the market is concern about second quarter corporate profits. There were several major companies affected by these considerations yesterday.

Caterpillar continued to plunge in the wake of the company's forecast that earnings for the second quarter and for the year would be lower than year-ago levels.

Having lost \$5 on Monday, Caterpillar slumped another \$6.74 to \$52.74.

Canada

Surprising strength in the Canadian dollar boosted hopes of dropping interest rates and pushed Toronto stocks higher in sluggish trade, dealers said.

Bank shares carried the day, but investors are still wary of Canada due to growing Quebec nationalism, they added.

The composite index gained 20.37 to 3,455.13 on volume of 18.75m shares. Advances led declines 314 to 256.

President Bush's statement that he may raise taxes to cut the deficit raised stocks at the opening.

The Canadian dollar closed at 1.1710-15 against the US dollar from Monday's close of 1.1772-77.

Series of new issues helps anchor Istanbul

Jim Bodgener explains how Turkey's bull run has finally brought companies to market

PRESSED by high bank interest rates, Turkish industrial conglomerates and financial institutions are at last releasing their equity, once jealously guarded by their predominantly family owners. A series of issues, large by Turkish standards, has helped to anchor the Istanbul stock exchange, the IMKB, after a bull run lasting from early 1989 until this spring.

New private sector issues in the exchange's junior market this year have totalled about 28m shares with a value of about TL250bn (\$96m). Entry to the senior blue chip market depends on their performance during a six-month period.

A broker in Istanbul said: "It indicates that the exchange is coming of age, as a means of extending the country's narrow savings base." It appears to have stabilised after the wide fluctuations between its inception in 1985, and its last major peak in 1989, when it was hit by the flood of new issues, a resumption of the bull market

is not expected in the near future.

Since late spring, the market's IMKB index has oscillated between 3,600 and 4,000, closing yesterday at 3,700 on a trading volume of TL53bn, which IMKB officials described as a normal level for the past few months.

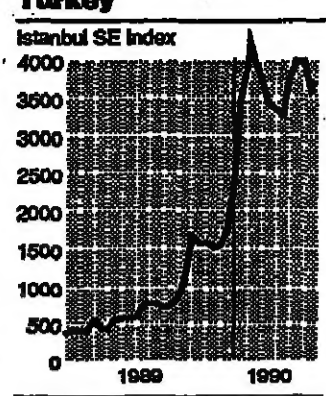
The conditions that produced the recent rally - unattractive yields from deposits, foreign exchange and gold by comparison with equities - still exist.

But with high interest rates on bank loans and the reluctance of some banks to lend to industry, companies are choosing the relative cheapness of the exchange for fresh funds. "Why pay so much interest when the exchange represents almost zero-cost fund-raising?" asked an IMKB official.

Few companies release more than the minimum 15 per cent of the total capital required for a new listing. Turkish companies are tempted to seek listings

because they are generally under-capitalised. For example, the Sabanci group sold off 15 per cent of the equity of its Yusa cotton, woollens and

Turkey



carpet subsidiary in early April, to raise funds to help it triple its 4,000 tonnes a year production capacity.

Another new issue, listed from today, is that of Vestel,

the brown and white goods manufacturer and a subsidiary of the UK's Polly Peck International, controlled by Mr Asil Nadir, the Turkish-Cypriot entrepreneur. When the issue closed last Thursday, 15 per cent, or 2,22m ordinary shares, had been sold, from which Polly Peck International received TL300bn to reduce group debt and to expand capacity.

Foreign interest in the new issues is also strong. Garanti Bankasi, the bank, placed TL160bn of shares in the market last month. Acting as its own marketmaker, it has already sold about \$10m worth of shares to investors and institutions in Europe, the US and Asia, and anticipates selling another \$20m to \$30m worth in the short term.

The popularity of new issues with investors meant that demand for Garanti shares was high, even though bank stocks tend to be less active than industrial or commercial equities. Garanti was the seventh

bank to be quoted on the exchange.

Another leading institution expected to seek a listing next month is Akbank, owned by the Sabanci group. Akbank will be looking for foreign partners through the exchange, said Mr Tufan Darbaz, Sabanci's assistant financial manager. At first about 15 per cent of the company's TL1 trillion capital will be floated, although the minimum float is not a limit, said Mr Darbaz, but a starting point.

Some institutions need to diversify industrial or real estate holdings to comply with new capital adequacy regulations to bring the banking sector into line with EC standards.

Speculation has centred on the partly state-owned Bankasi, which has widespread industrial interests. The institution is not planning an issue to supplement the 21 per cent already quoted on the exchange, although it may do so next year, said Mr Ahmet Mutlu, its general secretary.

ASIA PACIFIC

Steadier yen sparks rally fuelled by bargain buying

Tokyo

A HALT to the decline in the yen, and moves to calm interest rate fears sparked off a round of bargain hunting yesterday after Monday's sharp fall. High technology issues had a rebound on the market and share prices closed higher for the first time in four trading days, writes Michiko Nakamoto in Tokyo.

The Nikkei average rose 47.58 to 31,871.77. The gain was enhanced by arbitrage buying which came in as futures appreciated, producing a strong boost towards the close.

The day's high was 31,872.25 and the low 31,861.34. Rise outpaced falls by 656 to 386 and 174 issues were unchanged. Turnover improved from 300m shares to 400m, still considerably lower than levels reached in better times. The broad-based Topix index rose 22.33 to 2,323.35 and, in London, the ISE/Nikkei 50 index put on 2.51 to 1735.32.

A good deal of yesterday's strength was attributed to aggressive buying by securities houses, which pushed the price of investment trusts. An estimated ¥900bn of new investment trust funds, 80 per cent of which would be directed towards equities, is expected to be launched after this Friday, a broker said.

Otherwise, the outlook showed little sign of improvement. Mr Paul Muller at Schroder Securities said: "I am very, very sceptical about the market's rise." The Bank of Japan, which was thought to want to keep interest rates at about present levels, yesterday injected liquidity into the money market; but this indicated that there was continuing upward pressure on rates.

High-priced high technology issues with good earnings were popular yesterday for their

generally lower price-earnings ratios, their export business, which would make them beneficiaries of a weaker yen, and their high prices - offering the prospect of short-term profits.

Winners included Fuji Photo Film, which was up ¥110 to ¥4,380, and YDIE, the maker of magnetic tapes, ahead ¥250 at ¥7,050. Pioneer, the audio maker, rose ¥80 to ¥8,150 and Sony added ¥60 to ¥8,510.

Komatsu Sairen, a textile maker, rose ¥80 to ¥1,940 on expectations of a double digit increase in pre-tax profits in the year to March 1991.

Citizen, known for its watches, put on ¥80 to ¥1,150 in active trading, with investors encouraged by buoyant expectations of a double digit increase in pre-tax profits in the year to March 1991.

Alps Electric firmed ¥80 to ¥2,370 in active trading on news that it would produce liquid crystal display units in West Germany. This would be a first for a Japanese maker in the European community.

Investors were keen on scrip issue prospects. In this category, Kyocera, which makes semiconductor parts and equipment, climbed ¥150 to ¥3,520.

Bargain hunting helped Nippon Steel, which topped the active list with 10.8m shares traded, and Mitsubishi Heavy, in second position on ¥9.8m shares. Both gained yesterday.

Nippon Steel added ¥14 to ¥1,000 and Mitsubishi Heavy ¥10 to ¥1,000.

Osaka enjoyed a moderate rebound which took the OSE average up 120.78 to 34,688.76. Turnover showed a significant rise to 60m shares from Monday's 24m.

Roundup

FORTUNES varied widely in the Asia Pacific region yesterday, with Hong Kong hitting a 13-month high and Taiwan fall-

ing to an 18-month low.

HONG KONG extended its rally to eight sessions, rising to its best level for more than a year, although profit-taking trimmed gains. The market welcomed the release of Pang Wei, the Chinese dissident, on Monday. Shares also responded to end-of-quarter buying.

After gaining more than 28 points in early trading, the Hang Seng index finished 15.91 up on balance at 3,292.35, compared with 3,308.64 on May 15 last year. The weighted average of 13-month high of HK\$24.6bn, against Monday's level of HK\$23.34bn.

TAIWAN fell sharply in late trading as selling of banking stocks spread to the rest of the market. The Taiwan share index dropped 274.43, or 4.9 per cent, to 5,294.12, its lowest level since January 7, 1989, as turnover rose to ¥948.43bn from Monday's ¥942.17bn.

The index has fallen 57.5 per cent since its peak of 5,868.10 in West Germany. This would be a first for a Japanese maker in the European community.

AUSTRALIA finished barely changed at 1,160 to 1,160 after arbitrage trading eroded early gains. The All Ordinaries index ended 0.2 higher at 1,513.1, after hitting 1,518.6, on turnover of A\$167m, down from Monday's A\$201m.

CSR was the most active stock with 4.2m shares traded in anticipation of its dividend payment of 24 cents, to be paid next month, and on option-related trading. The stock firm'd 2 cents to A\$5.38.

NEW ZEALAND was mixed in busy trading, with corporate news spurring foreign investors into action. The Barclays index edged up 0.42 to 1,785.46 in turnover of NZ\$28.5m, up from Monday's NZ\$13m.

MANILA again saw a profit-taking rally, with the composite index losing 13.63 to 905.30.

EUROPE

Paris rises again as Frankfurt slips back

BOURSES mostly responded to the early good news from Wall Street yesterday, although domestic considerations seemed to hinder progress in Frankfurt and Milan, writes Our Markets Staff.

PARIS responded with enthusiasm to an early turnaround in the bond market in New York and a strong opening in the stock market. Prices advanced in slightly heavier trading. The CAC 40 index gained 13.32 to 2,053.40 - its sixth consecutive rise - in turnover estimated at FF42bn to FF47.5bn after Monday's 39.1bn. The 10-year share index rose 0.10 to FF14.40.

Mr Werner Wanke, head of securities at B Metzler in Frankfurt, said that the rise over the last week had reflected mostly domestic buying and the absence of foreign selling. Yesterday's reaction, he said, came from the position of the DAX, near the top of an 1,800 to 1,900 trading range in a "whipsaw" market, which is expected to produce volatility until the spending and savings results of German reunification have been digested for a short period, perhaps by mid-August.

Mr Wanke thinks that equities need a lead from the bond market before they make another determined upsurge.

The Bundessbank's average bond yield fell another 2 basis points yesterday to 8.50 per cent, however, held on to output the rest of the market. In telecons, Stet continued its advance and rose L\$9 to L\$9.01 on active foreign interest.

AMSTERDAM was boosted by Wall Street's firm opening and by continued interest in food companies. The CBS index rose 0.5 to 121.5. Figures for April retail sales showing a rise of 6 per cent lifted Abn-Amro to FF145, while food companies continued to rise in the wake of the bid for Jacobs Suchard of Switzerland. Westphalen, the food conglomerate, rose FF1.70 to FF173.20, Nutricia-VB gained FF1.80 to FF199.90 and CSM added FF1 to FF185.

Venture Fonds Nederland, the investment company, gained FF12.30 to FF130 after the company predicted a sharp profit rise for its extended financial year from June 1989 to December 1990.

ZURICH improved late on indications that the US administration was becoming more serious about coming to grips

with its budget deficit. The Credit Suisse index inched up by 1.2 to 683.8.

Registered shares of Holst Holding, the paper-maker which opened this class to foreigners for the first time yesterday, rose SFR350 to SFR3,250, while the bearers fell SFR300 to SFR3,050.

MADRID continued to focus on the electrical utilities sector, which again attracted foreign demand. Iberdrola gained Ptas32 to Ptas72, Endesa rose Ptas66 to Ptas216 and Hidrola picked up Ptas15 to Ptas571. The general index rose 1.54 to 265.30.

STOCKHOLM was buoyed by secondary stocks, which have lagged behind the blue chips, but turnover was generally light. The Allshare index gained 7.1 to 1,587.8.

Astra, the pharmaceutical company, continued to benefit from prospects for Losac, its anti-ulcer drug, gaining SKr10 to SKr55.

VIENNA rose again on demand from foreign investors, with the house index advancing 9.11 to 680.34 in busy trade.

with its budget deficit. The Credit Suisse index inched up by 1.2 to 683.8.

Registered shares of Holst Holding, the paper-maker which opened this class to foreigners for the first time yesterday, rose SFR350 to SFR3,250, while the bearers fell SFR300 to SFR3,050.

MADRID continued to focus on the electrical utilities sector, which again attracted foreign demand. Iberdrola gained Ptas32 to Ptas72, Endesa rose Ptas66 to Ptas216 and Hidrola picked up Ptas15 to Ptas571. The general index rose 1.54 to 265.30.

STOCKHOLM was buoyed by secondary stocks, which have lagged behind the blue chips, but turnover was generally light. The Allshare index gained 7.1 to 1,587.8.

Astra, the pharmaceutical company, continued to benefit from prospects for Losac, its anti-ulcer drug, gaining SKr10 to SKr55.

VIENNA rose again on demand from foreign investors, with the house index advancing 9.11 to 680.34 in busy trade.

You'd expect a lot of things from the world-leading specialist publication for international private investors.

A first rate publisher. Of course. THE FINANCIAL TIMES

A strong, accurate and hard-hitting international editorial team. Indeed.

Informed coverage on thousands of investment options. Naturally. Every month.

A totally international perspective. From Alaska to Zimbabwe.

Just one thing you wouldn't expect... It's free.

None. Which creates just one slight problem: it can't be for everyone. In fact, we have had to limit distribution to just 50,000 worldwide. Not very many. But very special.

Should you be one?

One key criterion is that you already have, or are planning, international private investments. You may well take investment advice (indeed, you probably do), but you almost certainly make your own decisions. You are interested in a wide range of investment vehicles, from equities to metals, bonds to real estate. Finally, informed accurate information and comment is important to you. We deliberately haven't set fixed asset or income levels - international diversity is too great for that. We discovered that readers of The International are readers who need The International. And know they do.

Do you?

Find out today.

Please return to Loveday Ingram, Circulation Manager, The International, Financial Times Business Information, Greyhound Place, Peter Lane, London EC4A 1ND.

☐ Yes, I am an active international private investor and wish to receive a free subscription to The International. I recognise that you may decline or defer an application due to oversubscription.

Name _____

Nature of Business _____

Job Title _____ Nationality _____

Address _____

Country _____ Post Code/ZIP _____

(In cases of doubt as to qualification, The International reserves the right to refuse a subscription or to ask supplementary details to support an application.)

66870

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY JUNE 26 1990							MONDAY JUNE 25 1990							DOLLAR INDEX		
	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Domestic Product	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1990 High	1990 Low	Year ago (approx)	
Figures in parentheses show number of stocks per grouping																	
Australia (80)	141.43	+0.3	120.82	138.70	122.61	119.75	+0.2	5.81	141.03	120.82	138.49	123.03	118.45	158.31	125.65	131.96	
Austria (19)	256.98	+0.9	218.89	251.04	222.44	223.17	+1.1	1.21	253.78	217.43	249.22	221.40	220.80	285.83	193.15	121.08	
Belgium (61)	150.10	-0.2	128.22	147.20	130.44	128.98	-0.5	4.54	150.40	128.85	147.58	131.20	127.59	160.02	121.29	120.29	
Canada (119)	135.43	+0.7	115.70	132.62	117.69	115.04	+0.2	3.52	134.49	115.22	132.06	117.32	114.77	153.61	130.37	141.17	
Denmark (33)	258.43	-0.4	220.77	253.24	224.58	224.25	-0.3	1.28	259.44	222.27	254.77	226.33	226.48	288.46	211.9	236.69	
Finland (28)	133.86	-1.2	114.35	131.29	118.33	110.85	-1.1	2.47	135.53	116.12	133.10	118.24	112.20	152.29	129.98	140.21	
France (124)	181.29	+1.0	137.78	158.17	140.15	141.87	+0.8	2.89	186.82	138.75	159.73	138.24	141.03	168.85	141.99	130.78	
West Germany (83)	133.18	+0.6	113.77	130.63	115.73	115.73	+0.2	1.93	132.49	113.78	130.63	115.73	115.73	151.71	121.08	121.08	
Hong Kong (48)	133.95	+0.5	118.13	133.32	118.14	115.88	+0.5	0.82	135.27	115.89	132.63	118.01	112.54	135.95	112.24	92.75	
Ireland (17)	188.92	+0.1	181.39	188.28	184.17	188.12	+0.0	2.64	188.81	161.76	185.41	164.72	168.17	188.57	172.72	134.52	
Italy (86)	107.31	+0.6	91.88	105.24	93.25	98.08	+0.2	2.40	108.57	91.39	104.74	93.05	97.91	109.26	91.85	93.52	
Japan (494)	143.19	+0.9	122.53	140.43	124.45	140.43	+0.7	0.80	141.97	121.63	138.41	115.52	137.71	122.06	88.96	88.96	
Malaysia (35)	229.98	+0.3	196.46	225.52	198.83	240.10	+0.3	2.25	229.32	198.47	225.18	200.05	228.43	246.32	204.15	178.98	
Mexico (13)	310.82	-0.6	438.46	501.07	443.99	1507.63	-0.6	0.32	514.02	440.38	504.78	448.42	1605.64	549.86	324.53	264.08	
Netherlands (43)	141.67	+0.5	121.03	139.84	123.12	121.82	+0.3	4.83	140.96	120.77	138.42	122.98	121.44	145.69	130.43	120.89	
New Zealand (17)	65.58	-0.1	56.01	64.30	58.58	59.24	-0.5	7.47	65.51	58.21	64.43	57.24	58.51	75.36	59.57	59.57	
Norway (23)	283.35	-0.1	199.55	228.86	202.79	203.58	-0.3	1.48	233.58	200.20	225.47	203.26	200.26	282.24	181.12	181.12	
Singapore (25)	204.95	+0.0	175.08	201.00	174.18	174.18	+0.1	1.94	205.01	175.84	201.32	178.84	174.07	207.33	178.70	158.79	
South Africa (50)	172.80	+0.1	147.62	169.47	150.18	151.70	+0.4	3.93	172.57	147.39	168.56	156.83	151.13	251.39	170.00	148.39	
Spain (42)	159.23	+1.0	145.71	163.77	151.53	151.53	+0.4	4.06	159.39	145.99	163.95	145.10	150.24	168.23	132.84	148.43	
Sweden (44)	221.55	+0.6	189.77	217.29	192.54	196.88	+0.5	2.04	220.19	188.10	216.23	192.10	187.79	217.39	165.84	165.84	
Switzerland (66)	105.37	+0.3	90.03	103.34	91.58	91.78	+0.0	2.25	105.08	90.72	103.13	91.68	91.52	105.97	88.75	79.78	
United Kingdom (304)	188.46	+0.4	143.91	165.20	146.38	148.91	+0.1	4.17	187.78	143.74	164.74	146.35	143.74	168.45	159.87	142.28	
USA (537)	142.35	-0.2	121.80	136.61	123.71	142.35	-0.2	3.39	142.58	122.15	140.24	124.39	142.58	148.65	130.01	138.83	
Australia (81)	150.97	+0.5	128.97	146.06	131.20	128.68	+0.2	3.51	150.19	128.67	147.48	131.03	128.42	150.97	156.57	119.16	
Nordic (116)	208.08	+0.1	177.76	204.07	180.83	178.22	+0.1	1.71	207.98	176.17	204.22	181.43	176.20	208.08	185.01	181.38	
North America (559)	142.80	+0.8	121.99	140.05	124.09	136.25	+0.7	0.90	141.91	121.54	139.08	122.85	139.28	192.76	134.68	172.33	
Europe (51)	145.01	+0.2	124.51	140.05	124.09	136.25	+0.7	0.90	145.01	124.51	140.05	124.09	136.25	192.76	134.68	172.33	
Pacific Basin (856)	141.83	-0.1	121.18	139.12	123.23	124.84	-0.1	3.40	141.99	121.65	138.45	123.89	140.74	157.47	131.02	134.74	
Europe Ex. UK (877)	138.98	+0.6	118.71	134.31	120.79	120.85	+0.3	2.73	138.14	118.35	135.69	129.54	120.62	138.50	124.81	104.49	
Pacific Ex. Japan (205)	137.25	+0.3	117.25	136.62	119.26	122.24	+0.3	5.02	138.61	117.23	134.59	129.56	121.80	138.32	122.53	114.70	
World Ex. US (1832)	146.61	+0.7	123.24	143.79	127.41	135.89	+0.9	2.98	146.61	124.75	140.00	127.03	135.24	173.77	131.30	150.83	
World Ex. UK (2065)	141.60	0.0	143.01	143.98	124.09	136.25	+0.2	2.98	141.60	143.01	143.98	124.09	136.25	173.77	131.30	150.83	
World Ex. Japan (1206)	145.82	+0.3	124.57	141.04	124.98	137.79	+0.3	2.52	143.23	127.11	140.57	124.97	137.49	161.94	131.95	148.73	
World Ex. Japan (1915)	145.82	+0.2	124.57	143.03	126.74	136.75	+0.5	2.53	145.35	124.74	142.96	127.03	136.72	148.52	142.64	128.01	
The World Index (1962)	143.08	-0.4	123.00	141.21	125.13	137.80	+0.3	2.53	143.41	122.87	140.84	125.12	137.53	162.05	132.25	143.75	